

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. THIS DOCUMENT CONTAINS A PROPOSAL WHICH, IF IMPLEMENTED, WILL RESULT IN THE CANCELLATION OF THE LISTING OF CHARTER COURT SHARES ON THE OFFICIAL LIST AND OF TRADING OF CHARTER COURT SHARES ON THE LONDON STOCK EXCHANGE'S MAIN MARKET FOR LISTED SECURITIES. PART II OF THIS DOCUMENT COMPRISES AN EXPLANATORY STATEMENT IN COMPLIANCE WITH SECTION 897 OF THE COMPANIES ACT 2006.

If you are in any doubt about the contents of this document or as to the action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other independent professional adviser who, if you are taking advice in the United Kingdom, is authorised pursuant to the Financial Services and Markets Act 2000 or, if you are in a territory outside the United Kingdom, is an appropriately authorised independent financial adviser.

If you sell, or have sold or otherwise transferred all of your Charter Court Shares, please send this document (but not any accompanying personalised documents) at once to the purchaser or transferee, or to the bank, stockbroker or other agent through whom the sale or transfer was effected for delivery to the purchaser or transferee. However, this document should not be forwarded or transmitted in or into any jurisdiction in which such an act would constitute a violation of the relevant laws in such jurisdiction. If you have sold or otherwise transferred part of your holding of Charter Court Shares, please consult the bank, stockbroker or other agent through whom the sale or transfer was effected.

The release, publication or distribution of this document and/or any accompanying documents (in whole or in part) in, into or from jurisdictions other than the United Kingdom or the United States may be restricted by the laws of those jurisdictions, and therefore persons into whose possession this document and/or any accompanying documents come should inform themselves about, and observe, any such restrictions. Any failure to comply with any such restrictions may constitute a violation of the securities laws of any such jurisdiction.

The accompanying Forms of Proxy are personalised. If you have recently purchased or been transferred Charter Court Shares, you should contact Charter Court's registrars, Equiniti, on the telephone number set out on page 2 of this document to obtain replacements for these documents.

Application will be made by OSB for the New OSB Shares to be admitted to the premium listing segment of the Official List and to trading on the London Stock Exchange's Main Market.

**RECOMMENDED ALL-SHARE COMBINATION
OF
ONESAVINGS BANK PLC
AND
CHARTER COURT FINANCIAL SERVICES GROUP PLC
to be effected by means of a
Scheme of Arrangement
under Part 26 of the Companies Act 2006**

This document (including any documents incorporated into it by reference) should be read as a whole and in conjunction with the accompanying Forms of Proxy. Your attention is drawn to the letter from the Chairman of Charter Court in Part I of this document, which contains the unanimous recommendation of the Charter Court Directors that you vote in favour of the Scheme at the Court Meeting and the Special Resolution at the Charter Court General Meeting. A letter from RBC Capital Markets and Credit Suisse explaining the Scheme in greater detail and actions to be taken by you appears in Part II of this document.

Notices of the Court Meeting and the Charter Court General Meeting, which will both be held at the offices of Linklaters LLP at One Silk Street, London EC2Y 8HQ on 6 June 2019, are set out in Parts VIII and IX of this document, respectively. The Court Meeting will start at 10.30 a.m. and the Charter Court General Meeting at 10.45 a.m. (or as soon thereafter as the Court Meeting shall have concluded or been adjourned).

Charter Court Shareholders will find enclosed with this document (or sent in a separate mailing to those Charter Court Shareholders who have elected or been deemed to consent to receive documents and notices from the Company by means of the Company's website) a BLUE Form of Proxy for use at the Court Meeting and a YELLOW Form of Proxy for use at the Charter Court General Meeting. Whether or not you intend to attend the Charter Court Meetings in person, please complete and sign both Forms of Proxy in accordance with the instructions printed thereon, or appoint a proxy electronically through CREST or via Equiniti's website at www.sharevote.co.uk, as soon as possible. The BLUE Form of Proxy must be received by the Company's registrars, Equiniti, no later than 10.30 a.m. on 4 June 2019 or, in the case of any adjournment, not later than 48 hours before the time fixed for the holding of the adjourned meeting, and the YELLOW Form of Proxy must be received by the Company's registrars, Equiniti, no later than 10.45 a.m. on 4 June 2019 or, in the case of any adjournment, not later than 48 hours before the time fixed for the holding of the adjourned meeting. If the BLUE Form of Proxy for use at the Court Meeting is not returned by the above time, it may be handed to a representative of Equiniti at the venue of the Court Meeting or the Chairman of the Court Meeting before the start of the Court Meeting (or any adjournment thereof). However, in the case of the Charter Court General Meeting, unless the YELLOW Form of Proxy is returned by the time mentioned above, it will be invalid. The completion and return of a Form of Proxy will not prevent Charter Court Shareholders from attending, speaking and voting in person at either the Court Meeting or the Charter Court General Meeting, or any adjournment thereof, if you so wish and are so entitled.

If you have any questions relating to this document or the completion and return of the Forms of Proxy, please call Equiniti on 0333 207 6509 (if calling from within the UK) or +44 121 415 0985 (if calling from outside the UK). Calls from outside the United Kingdom will be charged at the applicable international rate. The helpline is open between 8.30 a.m. and 5.30 p.m., Monday to Friday, excluding public holidays in England and Wales. Please note that Equiniti cannot provide any financial, legal or tax advice and calls may be recorded and monitored for security and training purposes. Members may not use any electronic address provided in either this document or any related documents (including the enclosed Forms of Proxy) to communicate with the Company for any purposes other than those expressly stated.

RBC Europe Limited (trading as RBC Capital Markets) (“**RBC Capital Markets**”), 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 referred to in this document 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 matters referred to in this document.

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 document 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 document 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 document, any statement contained herein or otherwise.

N. M. Rothschild & Sons Limited (“**Rothschild & Co**”), which is authorised and regulated by the FCA in the United Kingdom, is acting exclusively for OSB and for no one else in connection with the subject matter of this document and will not be responsible to anyone other than OSB for providing the protections afforded to its clients or for providing advice in connection with the subject matter of this document.

Barclays Bank PLC, acting through its Investment Bank, (“**Barclays**”), which is authorised by the PRA and regulated in the United Kingdom by the FCA and the PRA, is acting exclusively for OSB and no one else in connection with the Combination and will not be responsible to anyone other than OSB for providing the protections afforded to its clients nor for providing advice in connection with the Combination or any other matter referred to in this document.

This document has been prepared for the purposes of complying with English law and the City Code, and the information disclosed herein may not be the same as that which would have been disclosed if this document had been prepared in accordance with the laws of any other jurisdiction.

Certain terms used in this document are defined in Part VII of this document.

No person has been authorised to give any information or make any representations other than those contained in this document and, if given or made, such information or representations must not be relied upon as having been authorised by Charter Court, the Charter Court Directors, OSB, the OSB Directors or by RBC Capital Markets, Credit Suisse, Rothschild & Co, Barclays or any other person involved in the Combination. Neither the delivery of this document nor holding the Charter Court Meetings, the Scheme Court Sanction Hearing, filing the Scheme Court Order or Admission shall, under any circumstances, create any implication that there has been no change in the affairs of the Charter Court Group or the OSB Group since the date of this document or that the information in this document is correct as at any time subsequent to its date.

IMPORTANT NOTICE

The release, publication or distribution of this document (in whole or in part) in, into or from jurisdictions other than the United Kingdom or the United States may be restricted by law and therefore persons into whose possession this document and/or any accompanying documents come should inform themselves about, and should observe, such restrictions. Failure to comply with any such restrictions may constitute a violation of the securities laws of any such jurisdiction. This document does not constitute an offer or an invitation to purchase or subscribe for any securities, or a solicitation of an offer to buy any securities, pursuant to this document or otherwise in any jurisdiction in which such offer or solicitation is unlawful.

The statements contained herein are made as at the date of this document, unless some other time is specified in relation to them, and service of this document shall not give rise to any implication that there has been no change in the facts set forth herein since such date.

The contents of this document are not to be construed as legal, business, financial or tax advice. If you are in any doubt about the contents of this document, you should consult your own legal adviser, financial adviser or tax adviser for legal, business, financial or tax advice. In the event of any ambiguity or conflict between this document and the OSB Prospectus in respect of the terms and conditions of the Combination or the Scheme, this document shall prevail.

INFORMATION FOR OVERSEAS SHAREHOLDERS

The release, publication or distribution of this document (in whole or in part) in, into or from certain jurisdictions may be restricted by law. Persons who are not resident in the United Kingdom or the United States or who are subject to the laws and/or regulations of other jurisdictions should inform themselves of, and should observe, any applicable requirements. Any failure to comply with these requirements may constitute a violation of the securities laws of any such jurisdiction. To the fullest extent permitted by applicable law, the companies and persons involved in the Combination disclaim any responsibility or liability for the violation of such requirements by any person.

Unless otherwise determined by OSB or required by the City Code, and permitted by applicable law and regulation, the Combination will not be made available, directly or indirectly, in, into or from a jurisdiction where to do so would violate the laws in that jurisdiction, and no person may vote in favour of the Combination by any such use, means, instrumentality or form within any jurisdiction if to do so would constitute a violation of the laws of that Restricted Jurisdiction. Accordingly, copies of this document and all documents relating to the Combination are not being, and must not be, directly or indirectly, mailed or otherwise forwarded, distributed or sent in, into or from a Restricted Jurisdiction where to do so would violate the laws in that jurisdiction, and persons receiving this document and all documents relating to the Combination (including custodians, nominees and trustees) must not mail or otherwise distribute or send them in, into or from any Restricted Jurisdictions where to do so would violate the laws in that jurisdiction. Any person (including, without limitation, any custodian, nominee and trustee) who would, or otherwise intends to, or who may have a contractual or legal obligation to, forward this document and/or any other related document to any jurisdiction other than the United Kingdom or the United States should inform themselves of, and observe, any applicable legal or regulatory requirements of their jurisdiction.

If the Combination is implemented by way of an Offer (unless otherwise permitted by applicable law and regulation), the Offer may not be made, directly or indirectly, in or into, or by the use of mails or any means or instrumentality (including, but not limited to, facsimile, email or other electronic transmission, telex or telephone) of interstate or foreign commerce of, or any facility of a national, state or other securities exchange of any Restricted Jurisdiction, and the Offer may not be capable of acceptance by any such use, means, instrumentality or facility.

The availability of the New OSB Shares under the Combination to Charter Court Shareholders who are not resident in the United Kingdom or the United States may be affected by the laws of the relevant jurisdictions in which they are resident (which may affect the ability of such Charter Court Shareholders to vote their OSB Shares with respect to the Scheme and the Combination at the Charter Court Meetings, or to execute and deliver Forms of Proxy appointing another to vote at the Charter Court Meetings on their behalf). Persons who are not resident in the United Kingdom or the United States or who are subject to the laws and/or regulations of another jurisdiction should inform themselves of, and should observe, any applicable legal and/or regulatory requirements.

Each Charter Court Shareholder is urged to consult his or her independent professional adviser immediately regarding the tax consequences of the Combination.

Notice to United States Charter Court Shareholders

The New OSB Shares have not been, and, unless OSB otherwise elects in the event of an Offer, will not be, registered under the US Securities Act or under the securities laws of any state, district or other jurisdiction of the United States, and are expected to be issued in reliance upon the exemption from the registration requirements of the US Securities Act provided by Section 3(a)(10) thereof. For the purposes of qualifying for the exemption from the registration requirements of the US Securities Act afforded by Section 3(a)(10) thereof, Charter Court will advise the Court that its sanctioning of the Scheme will be relied upon by OSB as an approval of the Scheme following a hearing on fairness of the Scheme to Charter Court Shareholders. All Charter Court Shareholders are entitled to attend such Court hearing in person or through counsel to support or oppose the sanctioning of the Scheme, and notification of such Court hearing will be given to all such Charter Court Shareholders.

Charter Court Shareholders (whether or not US persons (as defined in the US Securities Act)) who are or will be affiliates of OSB or Charter Court prior to, or of OSB after, the Effective Date will be subject to certain US transfer restrictions relating to the New OSB Shares received pursuant to the Scheme.

None of the securities referred to in this document have been approved or disapproved by the SEC, any state securities commission in the United States or any other US regulatory authority, nor have such authorities passed upon or determined the fairness or merits of such securities or the adequacy or accuracy of the information contained in this document. Any representation to the contrary is a criminal offence in the United States.

The Combination may, in the circumstances provided for in the Co-operation Agreement, be implemented by way of a takeover offer under English law. If so, any securities to be issued under the Combination may be registered under the US Securities Act or issued in reliance upon an exemption thereunder, if available. If the Combination is implemented by way of an Offer, it will be done in compliance with the applicable rules under the US Exchange Act, including any applicable exemptions provided thereunder.

The Combination relates to shares of a UK company and is proposed to be effected by means of a scheme of arrangement under the laws of England and Wales. If the Combination is effected by such Scheme, it is expected the Combination will not be subject to the proxy solicitation or tender offer rules under the US Exchange Act. Accordingly, the Scheme is subject to the procedural and disclosure requirements, rules and practices applicable in the United Kingdom to schemes of arrangement, which differ from the requirements of the US proxy solicitation or tender offer rules. However, if OSB were to elect to implement the Combination by means of an Offer and determines to extend such Offer into the United States, such Offer will be made in compliance with all applicable laws and regulations, including Section 14(e) of the US Exchange Act and Regulation 14E thereunder. Such an Offer would be made in the United States by OSB and no one else. In addition to any such Offer, OSB, certain affiliated companies and the nominees or brokers (acting as agents) may make certain purchases of, or arrangements to purchase, shares in Charter Court outside such Offer during the period in which such Offer would remain open for acceptance. If such purchases or arrangements to purchase were to be made, they would be made outside the United States and would comply with applicable law, including the US Exchange Act. Any information about such purchases will be disclosed as required in the United Kingdom, will be reported to a Regulatory Information Service of the FCA and will be available on the London Stock Exchange website: www.londonstockexchange.com.

The financial information included in this document has been prepared in accordance with IFRS and thus may not be comparable to financial information of US companies or companies whose financial statements are prepared in accordance with generally accepted accounting principles in the United States.

It may be difficult for US Charter Court Shareholders to enforce their rights and claims arising out of the US federal securities laws, since OSB and Charter Court are located in countries other than the United States, and some or all of their officers and directors may be residents of countries other than the United States. US Charter Court Shareholders may not be able to sue a non-US company or its officers, directors or affiliates in a non-US court for violations of the US federal securities laws. Further, it may be difficult to compel a non-US company such as OSB and Charter Court and their directors, officers and affiliates to subject themselves to a US court's judgment.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This document contains certain forward-looking statements with respect to the financial condition, results of operations and businesses of the OSB Group, the Charter Court Group and the Combined Group, and certain plans and objectives of OSB with respect to the Combined Group.

All statements other than statements of historical fact are, or may be deemed to be, forward-looking statements. Forward-looking statements are statements of future expectations that are based on management's current expectations and assumptions and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in these statements. Forward-looking statements include, among other things, statements concerning the potential exposure of the OSB Group, the Charter Court Group and the Combined Group to market risks, statements as to accretion and statements expressing management's expectations, beliefs, estimates, forecasts, projections and assumptions, including as to future potential cost savings, synergies, earnings, return on average capital employed, production and prospects. These forward-looking statements are identified by their use of terms and phrases such as "aim", "anticipate", "assume", "believe", "budget", "cost-saving", "could", "estimate", "expect", "forecast", "goals", "hopes", "intend", "is subject to", "may", "objectives", "outlook", "plan", "probably", "project", "risks", "scheduled", "seek", "should", "strategy", "target", "will", "would" and similar terms and phrases. Although each of OSB and Charter Court believes that the expectations reflected in such forward-looking statements are reasonable, OSB and Charter Court can give no assurance that such expectations will prove to be correct. By their nature, forward-looking statements involve risks (known and unknown) and uncertainties (and other factors that are in many cases beyond the control of OSB and/or Charter Court) because they relate to events and depend on circumstances that may or may not occur in the future.

There are a number of factors that could affect the future operations of the OSB Group, the Charter Court Group and/or the Combined Group and that could cause actual results and developments to differ materially from those expressed or implied by such forward-looking statements. These factors include, but are not limited to, the possibility that the Combination will not be pursued or consummated, failure to obtain necessary regulatory approvals or to satisfy any of the other conditions to the Combination if it is pursued, as well as additional factors, such as: adverse effects on the market price of OSB's or Charter Court's ordinary shares and on OSB's or Charter Court's operating results because of a failure to complete the Combination, failure to realise the expected benefits of the Combination, negative effects relating to the announcement of the Combination or any further announcements relating to the Combination or the consummation of the Combination on the market price of OSB's or Charter Court's ordinary shares, significant transaction costs and/or unknown liabilities, the Combined Group incurring and/or experiencing unanticipated costs and/or delays (including IT system failures, cyber-crime, fraud and pension scheme liabilities), general economic and business conditions that affect the combined companies following the consummation of the Combination, changes in global, political, economic, business, competitive, market and regulatory forces (including exposures to terrorist activities, the repercussions of the UK's referendum vote to leave the European Union, the UK's exit from the European Union and Eurozone instability), future exchange and interest rates, changes in tax laws, regulations, rates and policies, future business combinations or disposals and competitive developments. Other unknown or unpredictable factors could affect future operations and/or cause actual results to differ materially from those in the forward-looking statements. Such forward-looking statements should therefore be construed in the light of such factors. Although it is believed that the expectations reflected in such forward-looking statements are reasonable, no assurance can be given that such expectations will prove to have been correct and you are therefore cautioned not to place undue reliance on these forward-looking statements which speak only as at the date of this Scheme. Readers should specifically consider the factors identified above and further described in the Risk Factors section of the OSB Prospectus that could cause actual results to differ before taking any action in respect of the Combination.

Each forward-looking statement speaks only as of the date of this document. Neither OSB nor Charter Court, nor any of their respective associates or directors, officers or advisers, provides any representation, assurance or guarantee that the occurrence of the events expressed or implied in any forward-looking statements in this document will actually occur. All forward-looking statements contained in this document are expressly qualified in their entirety by the cautionary statements contained or referred to in this section. These cautionary statements qualify all of the forward-looking statements made in this document. Readers are cautioned not to place undue reliance on these forward-looking statements. Other than in accordance with their legal or regulatory obligations (including under the City Code, the Listing Rules and the Disclosure Guidance and Transparency Rules of the FCA), neither the OSB Group nor the Charter Court Group is under or undertakes any obligation, and each of the foregoing expressly disclaims any intention or obligation, to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

NO PROFIT FORECASTS OR ESTIMATES

No statement in this document is intended as a profit forecast or estimate of the future financial performance of OSB or Charter Court for any period and, in particular, no statement in this document should be interpreted to mean that earnings or earnings per share for OSB, Charter Court or the Combined Group, as appropriate, for the current or future financial years would necessarily match or exceed the historical published earnings or earnings per share for OSB or Charter Court, as appropriate.

QUANTIFIED FINANCIAL BENEFITS STATEMENT

Appendix I sets out the anticipated Quantified Financial Benefits Statement and contains details of, and bases of calculation of, the anticipated financial benefits of the Combination.

For the purpose of Rule 28 of the City Code, the Quantified Financial Benefits Statement contained in this document is the responsibility of OSB and the OSB Directors. Any statement of intention, belief or expectation for the Combined Group following the Effective Date is an intention, belief or expectation of the OSB Directors and not of the Charter Court Directors.

The statements in the Quantified Financial Benefits Statement relate to future actions and circumstances which, by their nature, involve risks, uncertainties and contingencies. As a result, the cost savings and synergies referred to may not be achieved, may be achieved later or sooner than estimated, or those achieved could be materially different from those estimated. No statement in the Quantified Financial Benefits Statement should be construed as a profit forecast or interpreted to mean that the Combined Group's earnings in the first full year following the Effective Date, or in any subsequent period, would necessarily match or be greater than or less than those of OSB and/or Charter Court for the relevant preceding financial period or any other period.

DEALING DISCLOSURE REQUIREMENTS

Under Rule 8.3(a) of the City Code, any person who is interested in one per cent. 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 10th 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 City Code, any person who is, or becomes, interested in one per cent. 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(s), 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 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.

ELECTRONIC COMMUNICATIONS

Please be aware that addresses, electronic addresses and certain information provided by Charter Court Shareholders, persons with information rights and other relevant persons for the receipt of communications from Charter Court may be provided to OSB during the Offer Period as requested under section 4 of Appendix 4 to the City Code.

PUBLICATION ON WEBSITE AND AVAILABILITY OF HARD COPIES

A copy of this document, together with the OSB Prospectus and all information incorporated into this document by reference to another source, will be made available, subject to certain restrictions relating to persons resident in, or subject to the laws and/or regulations of, any Restricted Jurisdiction or resident in any Restricted Jurisdiction where the extension or availability of the Combination would breach any applicable law, on OSB's and Charter Court's websites at www.osb.co.uk and www.chartercourts.co.uk, respectively, by no later than 12.00 noon (London time) on the date following publication of this document. For the avoidance of doubt, neither the contents of those websites nor the contents of any website accessible from hyperlinks on those websites (or any other websites referred to in this document) are incorporated into, or form part of, this document.

You may, subject to applicable securities laws, request a hard copy of this document and all information incorporated into this document by contacting the Company's registrars, Equiniti, on 0333 207 6509 (if calling from within the UK) or +44 121 415 0985 (if calling from outside the UK). Calls from outside the United Kingdom will be charged at the applicable international rate. The helpline is open between 8.30 a.m. and 5.30 p.m., Monday to Friday, excluding public holidays in England and Wales. Please note that Equiniti cannot provide any financial, legal or tax advice and calls may be recorded and monitored for security and training purposes. Charter Court Shareholders may also, subject to applicable securities laws, request that all future documents, announcements and information sent to them in relation to the Combination be in hard copy form. A hard copy of such document (including this document), announcement or information will not be sent unless so requested.

ROUNDING

Certain figures included in this document have been subjected to rounding adjustments. Accordingly, figures shown for the same category presented in different tables may vary slightly and figures shown as totals in certain tables may not be an arithmetic aggregation of the figures that precede them.

Date: 15 May 2019

Table of Contents

Contents	Page
ACTION TO BE TAKEN	10
EXPECTED TIMETABLE OF PRINCIPAL EVENTS	14
PART I LETTER FROM THE CHAIRMAN OF CHARTER COURT	16
PART II EXPLANATORY STATEMENT	24
PART III CONDITIONS TO THE SCHEME AND THE COMBINATION	49
PART IV FINANCIAL AND RATINGS INFORMATION	59
PART V ADDITIONAL INFORMATION	61
PART VI THE SCHEME OF ARRANGEMENT	82
PART VII DEFINITIONS	90
PART VIII NOTICE OF COURT MEETING	98
PART IX NOTICE OF GENERAL MEETING	101

ACTION TO BE TAKEN

This page should be read in conjunction with the rest of this document, the accompanying Forms of Proxy, any document incorporated by reference and the OSB Prospectus. OSB, the OSB Directors and the Proposed OSB Directors are responsible for the OSB Prospectus.

Documents available to Charter Court Shareholders

Please check that you have received the following with this document:

- (i) a BLUE Form of Proxy for use in respect of the Court Meeting on 6 June 2019;
- (ii) a YELLOW Form of Proxy for use in respect of the Charter Court General Meeting on 6 June 2019; and
- (iii) a pre-paid envelope for use in the United Kingdom only.

If you have not received all of these documents, please contact the Company's registrars, Equiniti, on the shareholder helpline referred to below. If you have previously elected or been deemed to consent to receive documents and information from Charter Court by means of Charter Court's website, you will not receive a hard copy of this document but will receive a separate notification in accordance with your prescribed method.

It is important that, for the Court Meeting in particular, as many votes as possible are cast so that the Court may be satisfied that there is a fair representation of Charter Court Shareholder opinion. You are therefore strongly encouraged to complete, sign and return both your Forms of Proxy in accordance with the instructions thereon, or to appoint a proxy electronically through CREST or via Equiniti's website at www.sharevote.co.uk and following the online instructions, as soon as possible.

Voting at the Charter Court Meetings

The Scheme will require approval at the meeting of Scheme Shareholders convened pursuant to an order of the Court to be held at the offices of Linklaters LLP at One Silk Street, London EC2Y 8HQ. The Court Meeting will start at 10.30 a.m. on 6 June 2019. Implementation of the Scheme also requires approval of the Special Resolution by Charter Court Shareholders at the Charter Court General Meeting to be held at the same venue at 10.45 a.m. on 6 June 2019 (or as soon thereafter as the Court Meeting has concluded or been adjourned). Notices of the Charter Court Meetings are set out in Parts VIII and IX of this document.

Forms of Proxy

The Forms of Proxy must be received by the Company's registrars, Equiniti, of Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA, UK, by no later than the following times and dates:

- (i) BLUE Forms of Proxy for the Court Meeting by 10.30 a.m. on 4 June 2019;
- (ii) YELLOW Forms of Proxy for the Charter Court General Meeting by 10.45 a.m. on 4 June 2019; and
- (iii) in the case of an adjournment of either Charter Court Meeting, not later than 48 hours before the time and date set for the adjourned Charter Court Meeting.

This will enable your votes to be counted at the Charter Court Meetings in the event of your absence.

Alternatively, BLUE Forms of Proxy (but NOT YELLOW Forms of Proxy) may be handed to the Company's registrars, Equiniti, at the venue of the Court Meeting or to the Chairman of the Court Meeting before the start of the Court Meeting on 6 June 2019 (or any adjournment thereof). In the case of the Charter Court General Meeting, unless the YELLOW Form of Proxy is returned by the time and date mentioned above, it will be invalid.

The completion and return of a Form of Proxy will not prevent you from attending, speaking and voting in person at the Court Meeting, the Charter Court General Meeting or any adjournment thereof, if you so wish and are so entitled.

Please see below for further details in respect of proxy appointment, multiple proxy voting instructions, online voting and the process for appointing a proxy if you hold your Charter Court Shares through CREST.

Please refer to paragraph 23 of Part II of this document if you are an Overseas Shareholder.

Proxy appointment

A registered shareholder entitled to attend, speak and vote at the Court Meeting and the Charter Court General Meeting may appoint a proxy pursuant to the Articles to attend and to speak and vote in his/her place. A proxy need not be a member of the Company. The appointment of a proxy will not preclude shareholders entitled to attend, speak and vote at the meeting (or at any adjournment(s) thereof) from doing so in person if they wish and are so entitled.

Please note that the appointment of a proxy or proxies is separate for each of the Court Meeting and the Charter Court General Meeting.

To be effective, an appointment of proxy must be returned using one of the following methods:

- (i) by sending the appropriate Form of Proxy (together, if appropriate, with the power of attorney or other written authority under which it is signed or a certified copy of such power or authority) in the pre-paid envelope provided or by hand (during normal business hours) or courier only to the office of the Company's registrars, Equiniti, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA, United Kingdom;
- (ii) by logging onto Equiniti's website at www.sharevote.co.uk and using the Voting ID, Task ID and Shareholder Reference Number set out in the Forms of Proxy and following the online instructions; or
- (iii) in the case of CREST members, by utilising the CREST proxy voting service in accordance with the paragraph "*Voting instructions for Charter Court Shareholders holding shares through CREST*" below,

and, in each case, the appointment of proxy (together with any relevant power/authority) must be received (or, in the case of the appointment of a proxy through CREST, retrieved by enquiry to CREST in the manner prescribed by CREST or, in the case of electronic appointment, via www.sharevote.co.uk) by Equiniti not later than 10.30 a.m. on 4 June 2019 in the case of the Court Meeting and not later than 10.45 a.m. on 4 June 2019 in the case of the Charter Court General Meeting (or, in the case of an adjourned meeting, not less than 48 hours prior to the time and date set for such adjourned meeting).

In the case of the Court Meeting only, the BLUE Form of Proxy can also be handed to a representative of the Company's registrars, Equiniti, at the venue of the Court Meeting or the Chairman of the Court Meeting before the start of the Court Meeting on 6 June 2019 (or any adjournment thereof). In the case of the Charter Court General Meeting, unless the YELLOW Form of Proxy is returned by the time and date mentioned above, it will be invalid.

In the event of a poll on which a Charter Court Shareholder votes in person, his/her proxy votes previously lodged with Equiniti, through CREST or using the online Sharevote service will be excluded.

The right to appoint a proxy does not apply to persons whose shares are held on their behalf by another person and who have been nominated to enjoy information rights in accordance with Section 146 of the Companies Act 2006 or Article 90 of the articles of association of the Company (a "**nominated person**"). Nominated persons may have a right under an agreement with the member who holds the shares on their behalf to be appointed (or to have someone else appointed) as a proxy. Alternatively, if nominated persons do not have such a right, or do not wish to exercise it, they may have a right under such an agreement to give instructions to the person holding the shares as to the exercise of voting rights.

Multiple proxy voting instructions

As a registered Charter Court Shareholder, you are entitled to appoint a proxy in respect of some or all of your Charter Court Shares. A space has been included on the Forms of Proxy to allow you to specify the number of Charter Court Shares in respect of which that proxy is appointed. Charter Court Shareholders who return a Form of Proxy duly executed but leave this space blank will be deemed to have appointed a proxy in respect of all their Charter Court Shares.

You are also entitled to appoint more than one proxy, provided that each proxy is appointed to exercise the rights attached to a different Charter Court Share. If you wish to appoint more than one proxy in respect of your shareholding, please photocopy the Forms of Proxy or contact the Company's registrars, Equiniti, on the numbers set out under "*Shareholder helpline*" below. You should also indicate by ticking the box provided if the proxy is one of multiple instructions being given, fill in the name of the proxy and the number of shares in respect of which the proxy is appointed and return the multiple forms together (please ensure that all of the multiple Forms of Proxy in respect of one registered holding are sent in the same envelope) by the time and date referred to above.

Voting instructions for Charter Court Shareholders holding shares through CREST

Charter Court Shareholders who hold Charter Court Shares through CREST and who wish to appoint a proxy or proxies for the Charter Court Meetings or any adjournment(s) by using the CREST electronic proxy appointment service may do so by following the procedures described in the CREST Manual (available at www.euroclear.com). CREST personal members or other CREST sponsored members, and those CREST members who have appointed (a) voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

In order for a proxy appointment or instruction made by means of CREST to be valid, the appropriate CREST message (a “**CREST Proxy Instruction**”) must be properly authenticated in accordance with Euroclear’s specifications and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or an amendment to the instructions given to a previously appointed proxy, must, to be valid, be transmitted so as to be received by the Company’s registrars, Equiniti (CREST participant ID: RA19), by the latest time(s) for receipt of proxy appointments described above. For this purpose, the time of receipt will be taken to be the time (as determined by the time stamp applied to the message by the CREST Applications Host) from which Equiniti is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time, any change of instructions to a proxy appointed through CREST should be communicated to him/her by other means.

CREST members and, where applicable, their CREST sponsors or voting service provider(s) should note that Euroclear does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed (a) voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. CREST members and, where applicable, their CREST sponsor or voting service provider(s) are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

Charter Court may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

Electronic appointment of proxies for Charter Court Shareholders

Charter Court Shareholders who prefer to register the appointment of their proxy or proxies electronically via the internet can do so via Equiniti’s website at www.sharevote.co.uk and using the Voting ID, Task ID and Shareholder Reference Number set out in the Forms of Proxy and following the online instructions. A proxy appointment made electronically will not be valid if sent to any address other than that provided, or if received by Equiniti later than 10.30 a.m. on 4 June 2019 in the case of the Court Meeting and later than 10.45 a.m. on 4 June 2019 in the case of the Charter Court General Meeting (or, in the case of an adjourned meeting, less than 48 hours prior to the time and date set for such adjourned meeting). Alternatively, if you have already registered with Sharevote, you can submit your proxy or proxies by logging on to your portfolio using your usual user ID and password. Any electronic communication found to contain a computer virus will not be accepted. A proxy appointment made electronically will not be valid if sent to any address other than that provided.

Please note that the appointment of a proxy or proxies is separate for the Court Meeting and the Charter Court General Meeting.

Further information about proxies and voting

Further information in relation to the appointment of proxies for and voting at the Charter Court Meetings is set out in paragraph 15 of Part II of this document, in the notice of the Court Meeting set out in Part VIII of this document, in the notes to the notice of the Charter Court General Meeting set out in Part IX of this document, and in the instructions printed on the Forms of Proxy.

If you hold Charter Court Shares indirectly, you must rely on the procedures of the bank, broker, financial institution, share plan administrator or share plan nominee or other securities intermediary through which you hold Charter Court Shares. You should contact such intermediary for further instructions on how you can instruct that intermediary to vote on your behalf at the Charter Court Meetings and the date by which you must provide such instructions to the intermediary.

Charter Court Share Plans

Participants in the Charter Court Share Plans will be written to separately to inform them of the effect of the Scheme on their rights under the Charter Court Share Plans, including details of any appropriate proposals being made.

Shareholder helpline

If you have any questions relating to this document or the completion and return of the Forms of Proxy, please call Equiniti on 0333 207 6509 (if calling from within the UK) or on +44 121 415 0985 (if calling from outside the UK). Calls from outside the United Kingdom will be charged at the applicable international rate. The helpline is open between 8.30 a.m. and 5.30 p.m., Monday to Friday, excluding public holidays in England and Wales. Please note that Equiniti cannot provide any financial, legal or tax advice and calls may be recorded and monitored for security and training purposes.

Members may not use any electronic address provided in either this document or any related documents (including the enclosed Forms of Proxy) to communicate with Charter Court for any purposes other than those expressly stated.

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

The following indicative timetable sets out expected dates for the implementation of the Scheme.

Event	Time and/or date ⁽¹⁾
Publication of this document	15 May 2019
Latest time for lodging BLUE Forms of Proxy (or appointing a proxy electronically or submitting a proxy via CREST) for the Court Meeting	10.30 a.m. on 4 June 2019 ⁽²⁾
Latest time for lodging YELLOW Forms of Proxy (or appointing a proxy electronically or submitting a proxy via CREST) for the Charter Court General Meeting	10.45 a.m. on 4 June 2019 ⁽³⁾
Voting Record Time	6.30 p.m. on 4 June 2019 ⁽⁴⁾
OSB General Meeting	10.00 a.m. on 6 June 2019
Court Meeting	10.30 a.m. on 6 June 2019
Charter Court General Meeting	10.45 a.m. on 6 June 2019 ⁽⁵⁾

The following dates and times associated with the Scheme are subject to change and will depend on, among other things, the date on which antitrust (and other) Conditions to the Scheme are satisfied or, if capable of waiver, waived, and the date on which the Court sanctions the Scheme. Charter Court will give adequate notice of all of these dates and times, when known, by issuing an announcement through a Regulatory Information Service, with such announcement being made available on Charter Court's website at www.chartercourts.co.uk. Further updates and changes to these times will, at Charter Court's discretion, be notified in the same way. See also note (1) below.

Scheme Court Sanction Hearing	a date expected to be in Q3 2019 subject to receipt of regulatory clearance ("D") ^{(6)*}
Last time for dealings in, for registration of transfers of, and disablement in CREST of, Charter Court Shares	4.30 p.m. on D+1*
Scheme Record Time	6.00 p.m. on D+1*
Effective Date of the Scheme	D+1 ^{(7)*}
Suspension of trading in Charter Court Shares	before markets open on D+2*
New OSB Shares issued to Charter Court Shareholders	by 8.00 a.m. on D+2*
Admission and commencement of dealings in the New OSB Shares on the London Stock Exchange	by 8.00 a.m. on D+2*
Cancellation of listing of Charter Court on the premium segment of the Official List and the Main Market of the London Stock Exchange	D+2*
CREST accounts of Charter Court Shareholders credited with New OSB Shares	on or soon after 8.00 a.m. on D+2* but not later than 14 days after the Effective Date
CREST accounts of Charter Court Shareholders credited with cash due in relation to the sale of fractional entitlements	within 14 days after the Effective Date ⁽⁸⁾
Despatch of: (a) share certificates for New OSB Shares; and (b) cheques for the cash due in relation to the sale of fractional entitlements	within 14 days after the Effective Date ⁽⁸⁾
Longstop Date	31 October 2019 ⁽⁹⁾

Notes:

(1) **The dates and times given are indicative only and are based on current expectations and are subject to change (including as a result of changes to the regulatory timetable).**

References to times are to London, United Kingdom time unless otherwise stated. If any of the times and/or dates above change, the revised times and/or dates will be notified to Charter Court Shareholders by announcement through a Regulatory Information Service.

Participants in the Charter Court Share Plans will be written to separately to inform them of the effect of the Scheme on their rights under the Charter Court Share Plans, including details of any appropriate proposals being made and dates and times relevant to them.

- (2) The BLUE Form of Proxy for the Court Meeting may, alternatively, be handed to a representative of Equiniti at the venue of the Court Meeting or the Chairman of the Court Meeting before the start of the Court Meeting (or any adjournment thereof). However, if possible, Charter Court Shareholders are requested to lodge the BLUE Forms of Proxy at least 48 hours before the time appointed for the Court Meeting.
 - (3) The YELLOW Form of Proxy for the Charter Court General Meeting must be lodged with Equiniti by no later than 10.45 a.m. on 4 June 2019 in order for it to be valid, or, if the Charter Court General Meeting is adjourned, no later than 48 hours before the time fixed for the holding of the adjourned meeting. If the YELLOW Form of Proxy is not returned by such time, it will be invalid.
 - (4) If either Charter Court Meeting is adjourned, the Voting Record Time for the adjourned Charter Court Meeting will be 6.30 p.m. on the date which is two days before the date set for the adjourned Charter Court Meeting.
 - (5) To commence at the time fixed or, if later, immediately after the conclusion or adjournment of the Court Meeting.
 - (6) For the purpose of the Condition set out in paragraph 2(C) of Part III of this document (and summarised in paragraph 16(iv) of Part II of this document), the “expected date” shall be the earliest practicable date following the satisfaction (or, where applicable, waiver) of the Conditions in paragraphs 2(A), 2(B), 3 and 4 of Part III of this document.
 - (7) The Scheme Court Order approving the Scheme is expected to be delivered to the Registrar of Companies following the suspension of trading in Charter Court Shares and the Scheme Record Time on “D+1”, such that the Effective Date is then expected to be “D+1”. The events which are stated as occurring on subsequent dates are conditional on the Effective Date and operate by reference to this date.
 - (8) If the Charter Court Equalising Dividend is payable by Charter Court to the Charter Court Shareholders, it is expected that the Charter Court Equalising Dividend will be paid via either a credit of Charter Court Shareholders’ CREST accounts or a despatch of cheques (as applicable) at a date to be decided by the Charter Court Directors (being the directors of Charter Court at the time it is resolved to pay the Charter Court Equalising Dividend).
 - (9) This is the latest date by which the Scheme may become Effective. However, the Longstop Date may be extended to such later date as may be agreed in writing by OSB and Charter Court (with the Panel’s consent and as the Court may approve (if required)).
- * All dates by reference to “D+1” and “D+2” will be to the date falling the number of indicated Business Days immediately after date D, as indicated above.

PART I
LETTER FROM THE CHAIRMAN OF CHARTER COURT

Registered number:

06712054

Registered office:

2 Charter Court
Broadlands
Wolverhampton
West Midlands WV10 6TD

Directors:

Sir Malcolm Williamson (*Chairman*)
Ian Lonergan (*Chief Executive Officer*)
Sebastien Maloney (*Chief Financial Officer*)
Peter Elcock (*Chief Risk Officer*)
Tim Brooke (*Non-Executive Director*)
Noël Harwerth (*Senior Independent Director*)
Philip Jenks (*Non-Executive Director*)
Rajan Kapoor (*Non-Executive Director*)
Ian Ward (*Non-Executive Director*)

15 May 2019

To all Charter Court Shareholders and, for information only, to participants in the Charter Court Share Plans and persons with information rights

Dear Shareholder,

**RECOMMENDED ALL-SHARE COMBINATION
OF ONESAVINGS BANK PLC
AND CHARTER COURT FINANCIAL SERVICES GROUP PLC
TO BE EFFECTED BY MEANS OF A SCHEME OF ARRANGEMENT**

1 Introduction

On 14 March 2019, the Charter Court Board and the OSB Board announced that they had reached agreement on the terms of a recommended all-share combination of Charter Court and OSB pursuant to which OSB will acquire the entire issued and to be issued share capital of Charter Court to form the Combined Group.

It is intended that the Combination will be implemented by way of a Court-sanctioned scheme of arrangement between Charter Court and the Charter Court Shareholders under Part 26 of the Companies Act. The Scheme is subject to a number of Conditions which are set out in Part III of this document. The provisions of the Scheme are set out in Part VI of this document.

I am writing on behalf of the Charter Court Board to you to provide you with an explanation of the background to and reasons for the Combination and to explain why the Charter Court Board considers the Combination and the Scheme to be in the best interests of Charter Court and the Charter Court Shareholders as a whole and unanimously recommends that you vote in favour of the Scheme at the Court Meeting and in favour of the Special Resolution at the Charter Court General Meeting. The Charter Court Directors who hold Charter Court Shares have irrevocably undertaken to vote in favour of the Scheme at the Court Meeting and in favour of the Special Resolution at the Charter Court General Meeting in relation to their own individual beneficial holdings which amount in total to 3,512,123 Charter Court Shares, representing approximately 1.47 per cent. of Charter Court's total issued ordinary share capital as at the Latest Practicable Date.

This letter also explains the actions you are now asked to take. Please also see the explanatory statement from RBC Capital Markets and Credit Suisse as set out in Part II of this document, which gives further details about the Combination and the additional information as set out in Part V of this document.

The Combination has also been unanimously recommended by the OSB Board, with the OSB Directors who hold OSB Shares having irrevocably undertaken to vote in favour of the OSB Resolutions at the OSB General Meeting which will be convened in connection with the Combination in respect of their own beneficial holdings which amount in total to 1,203,775 OSB Shares, representing approximately 0.49 per cent. of OSB's total issued ordinary share capital as at the Latest Practicable Date.

2 Summary of the terms of the Combination

Under the terms of the Combination, which is subject to the Conditions and certain further terms set out in Part VI of this document, Charter Court Shareholders whose names appear on the register of members of Charter Court at the Scheme Record Time will be entitled to receive:

for each Charter Court Share:

0.8253 New OSB Shares

Immediately following completion of the Combination, Charter Court Shareholders will own approximately 45 per cent. of the share capital of the Combined Group (based on the existing ordinary issued share capital of OSB and the fully diluted share capital of Charter Court) and will share in the benefits accruing to the Combined Group via the expected realisation of meaningful cost synergies.

In addition, subject to the further terms set out in paragraph 10 of Part II of this document, Charter Court Shareholders will be entitled to receive Charter Court Permitted Dividends without any reduction in the Consideration.

Subject to the satisfaction or, where applicable, waiver of the Conditions, it is expected that the Scheme will become Effective in the third quarter of 2019, with New OSB Shares admitted to listing on the premium segment of the Official List and to trading on the Main Market by 8.00 a.m. on the first Business Day after the Effective Date.

3 Background to and reasons for recommending the Combination

Background

Since Charter Court's foundation in 2008, the Charter Court management team has successfully built Charter Court into one of the UK's leading specialist mortgage banks. The successful initial public offering of Charter Court in October 2017 was a clear endorsement of Charter Court's platform, track record, strategy and prospects. It also marked the next exciting stage of the Charter Court Group's development and growth, demonstrated by cumulative loan originations of over £8 billion and development of its retail savings business with over 100,000 customers.

The Charter Court Board remains confident in the ongoing execution of its strategy as an independent company based on the belief that the expertise across all key areas of specialist mortgage origination and distribution, risk management, capital and liability management will provide long-term growth and create significant value for Charter Court Shareholders.

While the Charter Court Board believes the standalone prospects for Charter Court to be strong, the Charter Court Board has, in considering the combination with OSB, taken into account the significant benefits of scale from the Combination to accelerating its standalone strategy and growth of Charter Court's business.

The Combination would create a leading specialist lender which would leverage the complementary strengths of both Charter Court and OSB to build a comprehensive platform with the scale and financial strength to invest for growth, whilst delivering in the short term low risk operational synergies to realise value creation for Charter Court Shareholders. The Charter Court Board believes that the Combination creates the opportunity of creating a scale best-in-class challenger bank serving the specialist lending market segment with complementary product offerings, lean cost structures (including Indian off-shoring and automated underwriting filters), sophisticated balance sheet management and an efficient deposit taking platform. In assessing the terms of the Combination, the Charter Court Board has taken into account a range of transaction considerations, including:

Shareholder returns

- Charter Court Shareholders will have the opportunity to meaningfully participate in the ongoing value creation arising from the expected financial benefits of the Combined Group through their aggregate shareholding of approximately 45 per cent. of the Combined Group;

- the Combination is anticipated to be earnings accretive for Charter Court Shareholders in 2021 (excluding the additional financing costs related to the phased implementation of the Combined Group's expected MREL requirement).¹ The Combined Group is expected to benefit from cost synergies (as described in paragraph 5 of Part II of this document) which the OSB Board believes will more than offset the expected increase in financing costs as a result of the expected MREL requirement;
- the OSB Board and the Charter Court Board believe that, given the growth profile of both businesses, the standalone cost base of each entity would have grown over time. As a result, over time, the quantified cost synergies (which are based on a combined cost base for OSB and Charter Court, in each case in respect of the financial year ended 31 December 2018) expected to result from the Combination could potentially be driven across a growing cost base, and future planned expenses could potentially be avoided. These potential additional financial benefits have not been quantified for reporting under the City Code; and
- the expected strong capital generation of the Combined Group would support a strong dividend policy consistent with Charter Court's current dividend policy of paying at least 25 per cent. of underlying attributable profit.

Robust capital position and balance sheet

- The Combined Group is expected to have a strong capital position following completion of the Combination, and it is intended that the Combined Group will maintain an appropriate buffer to its regulatory minimum capital requirements; and
- the Combination is expected to result in the Combined Group being subject to the Bank of England's MREL requirements for bail-in resolution entities as a result of the combined balance sheet size. The cost of the MREL debt is expected to be partially offset by the cost of deposits forgone, and the Charter Court Board believes that such debt would be more than offset by the expected financial benefits of the Combination.²

Following careful consideration of the above, the Charter Court Directors consider the terms of the Combination to be in the best interests of Charter Court and the Charter Court Shareholders as a whole.

Summary

The Charter Court Directors, who have been so advised by RBC Capital Markets and Credit Suisse as to the financial terms of the Combination, consider the terms of the Combination to be fair and reasonable. Credit Suisse is providing independent financial advice to the Charter Court Directors for the purposes of Rule 3 of the City Code. In providing their financial advice to the Charter Court Directors, each of RBC Capital Markets and Credit Suisse has taken into account the commercial assessments of the Charter Court Directors.

4 OSB's intentions and strategic plans for the Combined Group

Your attention is drawn to the statement of OSB's intentions and strategic plans for Charter Court and the Combined Group on completion of the Combination, as set out in paragraph 6 of Part II of this document.

Governance

I am currently Chairman of Charter Court and will assume the Chairmanship of the Combined Group. David Weymouth, currently Chairman of OSB, will become the Deputy Chairman of the Combined Group and lead a Board Integration Committee. Andy Golding and April Talintyre, currently CEO and CFO of OSB, respectively, will retain their positions of CEO and CFO, respectively, in the Combined Group.

Four non-executive directors of Charter Court will join the six current non-executive directors on the OSB Board, with Noël Harwerth joining as Senior Independent Director.

¹ Earnings accretive on an underlying basis. This statement is not intended to be, and should not be construed as, a profit forecast for the purposes of the City Code.

² Statements on "quantified financial benefits" are the sole responsibility of OSB and the OSB Directors, and neither Charter Court nor the Charter Court Directors assume any responsibility for any such statements.

Peter Elcock will take on the group risk role with responsibility for the integration and convergence of the risk frameworks and function. Hasan Kazmi will remain CRO for the existing OSB business.

Ian Lonergan, currently CEO of Charter Court, will assume the role of Integration Director of the Combined Group for a period of up to 18 months to facilitate bringing together OSB's and Charter Court's capabilities to deliver the expected benefits of the Combination.

Sebastien Maloney, currently CFO of Charter Court, will be retained as an adviser to the Combined Group for a period of up to 12 months to facilitate the integration of Charter Court's in-house capital markets and balance sheet management capabilities into the Combined Group in order to best establish the potential use of these capabilities across the enlarged balance sheet.

In reviewing the Combination, the Charter Court Board has taken account of the impact on wider stakeholders and has given due consideration to the Combined Group's intention for the management, employees and places of business of the Combined Group.

The Charter Court Board recognises that there will be a reduction in the number of full-time employees as a result of the Combination; however, the OSB Board and the Charter Court Board are committed to determining the employees of the Combined Group on a best-of-breed approach, and the Charter Court Board supports the statement that Charter Court's current headquarters in Wolverhampton will be retained as a centre of excellence which will be critical to delivering value to shareholders by combining both OSB's and Charter Court's distinct propositions, following completion of the Combination. Additionally, the restructuring is expected to be phased over three years, and it is expected that, where possible, the Combined Group will seek to review opportunities to reallocate staff from discontinued roles arising from the restructuring to other appropriate new roles that may be created from organic growth in the Combined Group.

The Charter Court Board believes that integration planning should utilise the knowledge and expertise of the management team of Charter Court, and as such welcomes that, subject to regulatory approvals: (i) Ian Lonergan, currently CEO of Charter Court, would assume the role of Integration Director of the Combined Group and be integral to the delivery of synergies and supporting the "best-of-breed" approach for employees; and (ii) Sebastien Maloney, currently CFO of Charter Court, will be retained as adviser to the Combined Group to facilitate the integration of Charter Court's in-house capital markets and balance sheet management capabilities into the Combined Group.

The Charter Court Board is pleased to note that the executive team reporting to the board of the Combined Group will be selected on a best-in-class basis to ensure the key strengths of each company are preserved.

The Charter Court Board further notes, in respect of employees, that the Combined Group has no intention to make any material changes to conditions of employment or the balance of skills and functions. The Charter Court Board also welcomes the confirmation that the existing contractual employment rights, including pension rights, of all Charter Court employees will be fully safeguarded following the completion of the Combination.

The Charter Court Board supports the integration plan to prioritise delivery of value to shareholders by focusing on low risk and high value cost saving opportunities. The Charter Court Board notes that, during the integration period, it is envisaged that both businesses will continue to operate such that each brand retains its market position through independent ordinary course of business decision-making, thereby preserving expertise and minimising any operational disruption.

In accordance with the requirements of Rule 2.11 of the City Code, Charter Court has made available to employee representatives and to the employees themselves a copy of the Possible Offer Announcement and the Firm Offer Announcement, and has informed them of the right of employee representatives under Rule 25.9 of the City Code to require that a separate opinion of the employee representatives on the effects of the Combination be appended to this document. As at the date of publication of this document, no such opinions have been provided. If and to the extent that Charter Court is provided with any such opinions after the date of publication of this document, Charter Court shall publish those opinions in accordance with the requirements of Rule 25.9 of the City Code. There are no pension scheme trustees of Charter Court relevant for the purposes of Rule 25.9 of the City Code.

5 Arrangements between OSB and Charter Court Management

In connection with Ian Lonergan assuming the role of Integration Director of the Combined Group following the Combination, and Sebastien Maloney being retained as an adviser to the Combined Group

following the Combination, OSB and Charter Court have, subject to regulatory approvals and/or applicable law or regulation, agreed the terms on which Ian Lonergan and Sebastien Maloney will undertake these roles, and these terms are summarised below at paragraph 11 of Part II of this document.

6 Current trading and prospects

Charter Court current trading and prospects

Charter Court released its results for the financial year ended 31 December 2018 on 14 March 2019. A copy of the Charter Court 2018 Annual Report and Accounts is available on Charter Court's website at www.chartercourtfjs.co.uk. On 15 May 2019, Charter Court released its trading update for the first quarter of 2019, ended 31 March 2019. A copy of the Charter Court trading update for the first quarter of 2019 will also be made available on Charter Court's website at www.chartercourtfjs.co.uk.

Since 31 March 2019, the financial performance of the Charter Court Group has been in line with the expectations of its management.

OSB current trading and prospects

OSB released its results for the financial year ended 31 December 2018 on 14 March 2019. A copy of the OSB 2018 Annual Report and Accounts is available on OSB's website at www.osb.co.uk. On 15 May 2019, OSB released its trading update for the first quarter of 2019, ended 31 March 2019. A copy of the OSB trading update for the first quarter of 2019 will also be made available on OSB's website at www.osb.com.

Since 31 March 2019, the OSB group's financial performance has been in line with management's expectations.

7 Dividends and dividend policy

Under the terms of the Combination, OSB and Charter Court have agreed that:

- Charter Court Shareholders will be entitled to receive and retain:
 - the dividend of 12.7 pence per Charter Court Share in respect of the completed 12-month period ended 31 December 2018, as announced by Charter Court in the Charter Court 2018 Annual Report and Accounts; and
 - should completion of the Combination occur after the record date for Charter Court's 2019 half-yearly interim dividend in respect of the completed six-month period ending 30 June 2019 (subject to such record date being no earlier than 20 August 2019), any dividend announced, declared, made or paid by Charter Court, prior to the Effective Date, in respect of the completed six-month period ending 30 June 2019 without any reduction to the Consideration, provided that such dividend does not exceed one third of the total dividend per Charter Court Share for the completed 12-month period ended 31 December 2018,

(any such dividend (or part thereof) that is permissible under these criteria being a "**Charter Court Permitted Dividend**"); and

- OSB Shareholders will be entitled to receive and retain:
 - the dividend of 14.6 pence per OSB Share in respect of the combined 12-month period ended 31 December 2018, as announced by OSB in the OSB 2018 Annual Report and Accounts; and
 - should completion of the Combination occur after the record date for OSB's 2019 half-yearly interim dividend in respect of the completed six-month period ending 30 June 2019 (subject to such record date being no earlier than 20 August 2019), any dividend announced, declared, made or paid by OSB, prior to the Effective Date, in respect of the completed six-month period ending 30 June 2019, provided that such dividend does not exceed one third of the total dividend per OSB Share for the completed 12-month period ended 31 December 2018,

(any such dividend (or part thereof) that is permissible under these criteria being an "**OSB Permitted Dividend**").

Given the expected strong capital generation and consistent with the current dividend policy of OSB and Charter Court, the Boards of OSB and Charter Court expect the Combined Group, following completion of the Combination, to adopt a policy of paying out at least 25 per cent. of underlying profit after taxation attributable to ordinary shareholders.

Irrespective of the date on which the Effective Date falls, Charter Court Shareholders will not be entitled to receive any dividend announced, declared, made or paid by OSB for the benefit of the OSB Shareholders by reference to a record date falling prior to the Effective Date.

8 Irrevocables and letters of intent

OSB has received irrevocable undertakings from Charter Court Directors who hold Charter Court Shares and Elliott to vote in favour of the Scheme at the Court Meeting and the Special Resolution to be proposed at the Charter Court General Meeting in respect of a total of 79,223,469 Charter Court Shares, representing, in aggregate, approximately 33.10 per cent. of the ordinary issued share capital of Charter Court as at the Latest Practicable Date. In addition, OSB has received a letter of intent from Merian to vote in favour of the Scheme at the Court Meeting and the Special Resolution to be proposed at the Charter Court General Meeting in respect of 34,834,451 Charter Court Shares, representing, in aggregate, approximately 14.56 per cent. of the ordinary issued share capital of Charter Court as at the Latest Practicable Date.

Charter Court has received irrevocable undertakings from OSB Directors who hold OSB Shares to vote in favour of the OSB Resolutions to be proposed at the OSB General Meeting in respect of a total of 1,203,775 OSB Shares, representing, in aggregate, approximately 0.49 per cent. of the ordinary issued share capital of OSB as at the Latest Practicable Date. Charter Court has also received a letter of intent from Merian to vote in favour of the OSB Resolutions to be proposed at the OSB General Meeting in respect of a total of 28,755,206 OSB Shares representing, in aggregate, approximately 11.73 per cent. of the ordinary issued share capital of OSB as at the Latest Practicable Date.

Further details of these irrevocable undertakings and letters of intent, including the circumstances in which they fall away, are set out in paragraph 4 of Part V of this document.

9 Structure of the Combination

It is intended that the Combination will be effected by way of a Court-sanctioned scheme of arrangement between Charter Court and the Charter Court Shareholders under Part 26 of the Companies Act. The provisions of the Scheme are set out in full in Part VI of this document.

The Scheme is a legal process under the Companies Act, the purpose of which is to enable OSB to become the owner of the entire issued and to be issued share capital of Charter Court. In order to achieve this, it is proposed that all Charter Court Shares will be transferred to OSB, in consideration for which the Charter Court Shareholders whose names appear on the register of members of Charter Court at the Scheme Record Time will be entitled (subject to certain terms and conditions) to receive New OSB Shares on the basis set out in paragraph 20 of Part II of this document.

The Combination is expected to become effective in Q3 2019, subject to satisfaction or (where applicable) waiver of the Conditions and certain further terms set out in Part III of this document.

Further details on the Scheme, the Court Meeting, the Charter Court General Meeting, entitlements to vote at the Charter Court Meetings and the sanction of the Scheme by the Court are set out in paragraph 15 of Part II of this document.

10 OSB Shareholder approval

The Combination constitutes a Class 1 transaction for OSB. Accordingly, OSB is required to seek the approval of OSB Shareholders for the Combination and the issue and allotment of the New OSB Shares at the OSB General Meeting, which has been convened for 10.00 a.m. on 6 June 2019 at the offices of Slaughter and May, One Bunhill Row, London EC1Y 8YY.

The OSB Directors have recommended unanimously that OSB Shareholders vote in favour of the OSB Resolutions at the OSB General Meeting to approve the Combination and the issue and allotment of the New OSB Shares.

11 The New OSB Shares

The New OSB Shares will be issued in registered form and will be capable of being held in certificated and uncertificated form.

The New OSB Shares will be issued credited as fully paid and will rank *pari passu* in all respects with the OSB Shares in issue at the time the New OSB Shares are issued pursuant to the Scheme, including in

relation to the right to receive notice of, and to attend and vote at, general meetings of OSB, and the right to receive and retain any dividends and other distributions announced, declared, made or paid, or any other return of capital (whether by reduction of share capital or share premium amount or otherwise) made, by reference to a record date falling after the Effective Date and to the right to participate in the assets of OSB upon a winding-up of OSB.

Irrespective of the date on which the Effective Date falls, Charter Court Shareholders will not be entitled to receive any dividend announced, declared, made or paid by OSB for the benefit of the OSB Shareholders by reference to a record date falling prior to the Effective Date.

Prior to the Scheme becoming Effective, applications will be made to: (i) the FCA for the New OSB Shares to be admitted to the Official List; and (ii) the London Stock Exchange for the New OSB Shares to be admitted to trading on the London Stock Exchange's Main Market for listed securities.

It is expected that the New OSB Shares will be admitted to trading on the London Stock Exchange by 8.00 a.m. on the first Business Day after the Effective Date and dealings for normal settlement in the New OSB Shares will commence at or shortly after that time.

No application has been made or is currently intended to be made by OSB for the New OSB Shares to be admitted to listing or trading on any other exchange.

12 Cancellation of listing of Charter Court Shares

The last day of dealings in Charter Court Shares is expected to be on the Business Day immediately after the date of the Scheme Court Sanction Hearing.

Further details are set out in paragraph 21 of Part II of this document.

13 Charter Court Share Plans

Further details of the arrangements proposed to be implemented in relation to the Charter Court Share Plans in connection with the Combination are set out in paragraph 13 of Part II of this document.

14 Taxation

Your attention is drawn to paragraph 22 of Part II of this document, which contains a summary of limited aspects of United Kingdom tax treatment of the Combination. That summary relates only to the position of certain categories of Charter Court Shareholders (as explained further in Part II of this document), does not constitute tax advice and does not purport to be a complete analysis of all potential United Kingdom tax consequences of the Combination. For information on the United Kingdom tax consequences of (i) a subsequent disposal of all or any New OSB Shares acquired under the Scheme or otherwise and (ii) dividends paid in respect of any New OSB Shares, please see sections 2 and 3 of part XV of the OSB Prospectus.

Charter Court Shareholders or prospective Charter Court Shareholders who are in any doubt about their taxation position, or who are subject to taxation in a jurisdiction outside the United Kingdom, are strongly advised to contact an appropriate independent professional adviser immediately.

15 Action to be taken

Your attention is drawn to pages 10 to 13 (inclusive) of this document, which explain the action you should take in relation to the Combination and the Scheme.

16 Overseas Shareholders

The attention of Overseas Shareholders is drawn to paragraph 23 of Part II of this document.

17 Further information

Your attention is further drawn to the OSB Prospectus (for which OSB, the OSB Directors and the Proposed OSB Directors are responsible), which has been published and is available on OSB's website, www.osb.co.uk, which contains further information on OSB and the New OSB Shares. A copy of the OSB Prospectus will also be made available on Charter Court's website, www.chartercourts.co.uk, and a hard copy can, subject to applicable securities laws, be requested by contacting the Company's registrars, Equiniti, whose contact details are set out on page 2 of this document.

You are advised to read the whole of this document and not just rely on the summary information contained in this letter.

Your attention is further drawn to the information contained in Part II (*Explanatory Statement*) of this document, Part III (*Conditions to the Scheme and the Combination*) of this document, Part V (*Additional Information*) of this document and Part VI (*The Scheme of Arrangement*) of this document, to the expected timetable of principal events set out on pages 14 and 15 of this document, and to the OSB Prospectus described above.

18 Recommendation

The Charter Court Directors, who have been so advised by RBC Capital Markets and Credit Suisse as to the financial terms of the Combination, consider the terms of the Combination to be fair and reasonable. Credit Suisse is providing independent financial advice to the Charter Court Directors for the purposes of Rule 3 of the City Code. In providing their financial advice to the Charter Court Directors, each of RBC Capital Markets and Credit Suisse has taken into account the commercial assessments of the Charter Court Directors. In addition, the Charter Court Directors consider the terms of the Combination to be in the best interests of the Charter Court Shareholders as a whole.

Accordingly, the Charter Court Directors recommend unanimously that Charter Court Shareholders vote in favour of the Scheme at the Court Meeting and the Special Resolution at the Charter Court General Meeting. The Charter Court Directors who have beneficial holdings of Charter Court Shares have irrevocably undertaken to vote in favour of the Scheme at the Court Meeting and the Special Resolution at the Charter Court General Meeting in respect of their beneficial holdings totalling 3,512,123 Charter Court Shares (representing approximately 1.47 per cent. of Charter Court's issued share capital on the Latest Practicable Date). Further details of these irrevocable undertakings are set out in paragraph 4 of Part V of this document. In the event that the Combination is implemented by way of an Offer, the Charter Court Directors intend to recommend unanimously that Charter Court Shareholders accept or procure acceptance of any such Offer.

Yours faithfully

Sir Malcolm Williamson
Chairman

PART II
EXPLANATORY STATEMENT

(in compliance with section 897 of the Companies Act)

15 May 2019

To all Charter Court Shareholders and, for information only, to participants in the Charter Court Share Plans and persons with information rights

Dear Sir or Madam,

**RECOMMENDED ALL-SHARE COMBINATION
OF ONESAVINGS BANK PLC
AND CHARTER COURT FINANCIAL SERVICES GROUP PLC
TO BE EFFECTED BY MEANS OF A SCHEME OF ARRANGEMENT**

1 Introduction

On 14 March 2019, the Charter Court Board and the OSB Board announced that they had reached agreement on the terms of a recommended all-share combination of Charter Court and OSB pursuant to which OSB will acquire the entire issued and to be issued share capital of Charter Court to form the Combined Group.

Your attention is drawn to the letter from the Chairman of Charter Court, Sir Malcolm Williamson, set out in Part I of this document, which forms part of this Explanatory Statement. That letter contains, among other things, information on the background to and reasons for the unanimous recommendation by the Charter Court Directors to Charter Court Shareholders to vote in favour of the Scheme at the Court Meeting and the Special Resolution at the Charter Court General Meeting.

Your attention is also drawn to the OSB Prospectus (for which OSB, the OSB Directors and the Proposed OSB Directors are responsible), which contains further information on OSB and the New OSB Shares to be issued in connection with the Combination. A copy of the OSB Prospectus is available on Charter Court's website, www.chartercourtfsc.co.uk, and on OSB's website, www.osb.co.uk, and a hard copy, subject to applicable securities laws, can be requested by contacting the Company's registrars, Equiniti, whose contact details are set out on page 2 of this document.

RBC Capital Markets and Credit Suisse have each been authorised by the Charter Court Board to write to you to explain the terms of the Combination and the Scheme and to provide you with other relevant information.

This Explanatory Statement contains a summary of the provisions of the Scheme. The terms of the Scheme are set out in full in Part VI of this document. Your attention is also drawn to the additional information set out in Part V of this document.

2 Summary of the terms of the Combination

Under the terms of the Combination, Charter Court Shareholders whose names appear on the register of members of Charter Court at the Scheme Record Time will be entitled to receive:

for each Charter Court Share: 0.8253 New OSB Shares

Immediately following completion of the Combination, Charter Court Shareholders will own approximately 45 per cent. of the share capital of the Combined Group (based on the existing ordinary issued share capital of OSB and the fully diluted share capital of Charter Court) and will share in the benefits accruing to the Combined Group via the expected realisation of meaningful cost synergies.

In addition, subject to the further terms set out in paragraph 10 of this Part II below, Charter Court Shareholders will be entitled to receive Charter Court Permitted Dividends without any reduction in the Consideration.

It is intended that the Combination will be implemented by means of a Court-sanctioned scheme of arrangement of Charter Court under Part 26 of the Companies Act. The Scheme is subject to a number of

Conditions which are set out in Part III of this document. Subject to the satisfaction or, where applicable, waiver of the Conditions, it is expected that the Scheme will become Effective in the third quarter of 2019, with New OSB Shares admitted to listing on the premium segment of the Official List and to trading on the Main Market by 8.00 a.m. on the first Business Day after the Effective Date.

Implementation of the Scheme will require the approval of the Scheme Shareholders at the Court Meeting and the approval of the Special Resolution at the Charter Court General Meeting. The Scheme also requires the sanction of the Court.

The Scheme will become Effective upon the delivery of the Scheme Court Order to the Registrar of Companies.

Once the Scheme becomes Effective, it will be binding on Charter Court and all Scheme Shareholders, including those who did not attend, those who did not vote at and those who voted against the Scheme at the Charter Court Meetings.

The provisions of the Scheme are set out in Part VI of this document.

3 Background to and reasons for the Combination

The OSB Board and the Charter Court Board are confident the Combination will create a leading specialist lender in the UK with enhanced scale, bringing together the resources and capabilities of both businesses to allow the Combined Group to explore further growth opportunities and deliver attractive long-term returns through the economic cycle.

In particular, following completion, it is expected that the Combination will bring together the complementary strengths of OSB and Charter Court across products, underwriting, distribution, funding and operating platforms; benefiting from the best-in-class capabilities of both businesses.

The OSB Board and the Charter Court Board believe the Combination has a strong strategic rationale and is a highly compelling opportunity to:

Create a leading specialist lender in the UK with greater scale and resources to deploy on growth opportunities

- create a leading specialist lender in the UK with greater scale and resources to better compete in an increasingly mature and competitive market segment and deliver sustainable returns with, in aggregate:
 - (a) £15.6 billion of net customer loans;³
 - (b) £5.8 billion of gross originations;⁴
 - (c) £13.2 billion of customer deposits;⁵ and
 - (d) a well proven securitisation funding capability;
- combine resources to better access future growth opportunities in the fragmented specialist lending sector;

Leverage complementary strengths to create a comprehensive and diversified platform across product capabilities, brands and team cultures

Products

- bring together complementary product capabilities and expertise with a best-of-both approach, combining:
 - (a) OSB's leading franchises in specialist buy-to-let mortgages in the UK, including complex portfolio-based origination, commercial real estate and development finance; with

³ Based on the pro forma results of the Combined Group, were the Combination to have completed as at 31 December 2018.

⁴ Based on the pro forma results of the Combined Group, were the Combination to have completed as at 1 January 2018.

⁵ Based on the pro forma results of the Combined Group, were the Combination to have completed as at 31 December 2018.

- (b) Charter Court's strong proposition in specialist residential, new build and buy-to-let mortgages in the UK; and
- (c) leveraging mutual strengths in bridge financing with Charter Court's proprietary regulated bridging platform and mutual strengths in second charge loans;
- enhance capabilities and presence in key segments by:
 - (a) accelerating OSB's growth in specialist residential mortgages by leveraging Charter Court's automation-enabled underwriting and technology platform;
 - (b) expanding Charter Court's buy-to-let offering by leveraging best practice across the Combined Group; and
 - (c) increasing capacity for investment in new products and services, in line with OSB's and Charter Court's current risk appetite;

Brand and customer strategy

- preserve and build on the value of OSB's and Charter Court's individual lending brands (including Kent Reliance, Interbay, Heritable, Prestige and Precise Mortgages) through a multi-brand lending strategy. In addition, it is intended that the Combined Group will retain both of OSB's and Charter Court's retail savings brands (Kent Reliance and Charter Savings Bank);
- enhance the customer proposition and acquisition rates through being able to underwrite a wider range of customer cases than would have been possible as two standalone businesses;

Culture

- bring together two complementary and highly engaged team cultures which have collaborated successfully in the past in a commercial capacity, to build one firm with a rich and skilled talent pool;

Leverage complementary underwriting capabilities to enhance the customer proposition

- bring together OSB's and Charter Court's credit expertise whilst leveraging Charter Court's automation-enabled underwriting approach in conjunction with OSB's bespoke portfolio-based underwriting capabilities and in-house real estate expertise to offer an enhanced customer proposition;
- create enhanced data insight and analysis by combining each company's data sets and analytic capabilities; and
- increase underwriting efficiency through the Combined Group's ability to match a wider suite of differentiated underwriting capabilities to better serve borrower needs;

Establish a well-balanced, resilient and diversified retail-wholesale funding platform

- bring together OSB's established Kent Reliance retail deposit franchise with Charter Court's online savings deposit platform, sophisticated securitisation funding and balance sheet management capabilities to create a resilient and diversified funding platform to support the future growth with cost efficient funding of the Combined Group; and
- maintain optionality to benefit from the potential to execute structured balance sheet management transactions across the Combined Group's enlarged balance sheet by utilising Charter Court's in-house expertise to enable efficient access to the capital markets;

Maintain two leading, independent distribution platforms to create an enhanced proposition to the broker community

- increase breadth of channels to market via the direct to broker and packager channels;
- deliver a broad range of complementary products, offering an improved proposition and service levels with no disruption to the broker distribution networks; and
- the two distribution platforms will continue to offer the Kent Reliance and Precise Mortgages brands and will report to Alan Cleary, Managing Director of Precise Mortgages, whose role will ensure best practice of each platform is leveraged across the Combined Group to maintain and further enhance broker service levels from what are currently two of the leading platforms in the market;

Maintain operational centres of excellence to drive service levels and platform efficiency

- maintain centres of excellence for core processes and capabilities on a best-in-class basis across OSB's and Charter Court's existing locations in Chatham, Wolverhampton and India; and
- deliver cost efficiencies and operational enhancements by leveraging OSB's efficient India-based lending, savings and support operations and capabilities to reinforce a best-in-class management expense and cost to income ratios.

Realise meaningful cost synergies with further potential benefits

The OSB Board is confident that, as a direct result of the Combination, the Combined Group will generate meaningful cost synergies and create additional shareholder value. The OSB Board, having reviewed and analysed the potential cost synergies of the Combination, and taking into account the factors they can influence, believes that the Combination will result in £22 million of pre-tax cost synergies on an annual run-rate basis (based on the pro forma results of the Combined Group for the year ended 31 December 2018) by the third anniversary of the completion of the Combination.⁶

The OSB Board expects approximately 30 per cent. of these cost synergies to be achieved by the end of the first 12-month period following completion of the Combination, approximately 75 per cent. by the end of the second 12-month period following completion of the Combination and the full run-rate by the third anniversary of completion of the Combination. On this basis, approximately 10 per cent. of the cost synergies are expected to be recognised in the first 12-month period following completion of the Combination, approximately 40 per cent. in the second 12-month period following completion of the Combination and approximately 90 per cent. in the 12-month period ending on the third anniversary of completion of the Combination.

The quantified cost synergies, which are expected to originate from the cost bases of both OSB and Charter Court, are expected to be realised from:

- (a) the appropriate removal of duplicate senior management roles and central and support functions (expected to contribute approximately 50 per cent. of the full run-rate pre-tax cost synergies);
- (b) efficiencies from combined lending operations (expected to contribute approximately 20 per cent. of the full run-rate pre-tax cost synergies);
- (c) bringing Charter Court's savings account operations in-house (expected to contribute approximately 20 per cent. of the full run-rate pre-tax cost synergies); and
- (d) other operational efficiencies (expected to contribute approximately 10 per cent. of the full run-rate pre-tax cost synergies).

These quantified cost synergies are based on a combined cost base for OSB and Charter Court, in each case in respect of the financial year ended 31 December 2018. The OSB Board and Charter Court Board believe that, given the growth profile of both businesses, the standalone cost base of each entity would have grown over time. As a result, over time, the quantified cost synergies described above could potentially be driven across a growing cost base and future planned expenses could potentially be avoided. These potential additional financial benefits have not been quantified for reporting under the City Code.

Further detail on the expected quantified financial benefits of the Combination and the costs to achieve them is given in the paragraph headed "*Quantified Financial Benefits Statement*" below and Appendix I of this document.

4 Integration Planning

In the period leading up to completion, OSB and Charter Court will work together to develop a detailed integration plan based on a low-risk approach to ensure the integration is achievable. The OSB Board and Charter Court Board believe the integration will be deliverable based on the factors and with the oversight described below.

There are no current plans for large-scale IT integration and it is intended that the transfer of Charter Court's savings account operations will be achieved by the third anniversary of completion of the Combination through the origination of new savings accounts on OSB's established savings platform.

⁶ This statement constitutes a quantified financial benefits statement for the purposes of the City Code. Please see Appendix I for further details.

The integration of the two businesses will be further assisted by:

- similarities across OSB's and Charter Court's business models and operating platforms, such as the use of common systems;
- experience gained from OSB and Charter Court teams working closely together under the previous commercial relationship in mortgage cash management and related loan administration services provided to OSB by Charter Court, particularly in relation to processing and servicing capabilities;
- both management teams' experience of operating a multi-brand franchise; and
- complementary and highly engaged cultures across both workforces.

It is expected that operational migration will be concluded by the third anniversary of completion of the Combination in order to carefully manage execution risk and maintain operational integrity.

The integration plan and its delivery will be overseen by a highly experienced Board Integration Committee with a clear focus on maintaining operational excellence and the careful delivery of the cost synergies and other benefits of the Combination. The Board Integration Committee will be chaired by David Weymouth, the Deputy Chairman of the Combined Group, with Ian Lonergan, the current CEO of Charter Court, assuming the role of Integration Director of the Combined Group to facilitate both OSB's and Charter Court's capabilities to be brought together to deliver the expected benefits of the Combination.

5 Financial effects and effects of the Combination

The OSB Board and Charter Court Board believe the Combination has a strong financial rationale and expects the Combination to have the following effects:

Diversified, high quality loan book and funding platform

- the Boards of OSB and Charter Court believe the Combined Group will benefit from a more diversified, high quality specialist mortgage loan book with low impairment rates;
- the Boards of OSB and Charter Court expect the Combined Group to benefit from a resilient and diversified funding platform. This will comprise a mix of deposit and wholesale funding, utilising Charter Court's well-established capital markets capabilities in securitisation and balance sheet structuring. Were the Combination to have completed as at 31 December 2018, the Combined Group would have had a customer deposit base of £13.2 billion, equating to approximately 77 per cent. of its total funding;
- the Boards of OSB and Charter Court believe that the increased scale of the Combined Group and the resilient and diversified funding model should enable the Combined Group to refinance its term funding scheme balances on more advantageous terms (were the Combination to have completed as at 31 December 2018, term funding balances would have stood at £2.7 billion as at 31 December 2018, representing 15.6 per cent. of total funding);
- based on the audited accounts for OSB and Charter Court for the financial year ended 31 December 2018, the Combined Group would have had £18.2 billion of total assets and a £15.6 billion total net customer loan portfolio as at 31 December 2018, were the Combination to have completed as at that time;

Robust pro forma capital position

- the Boards of OSB and Charter Court expect the Combined Group to have a strong capital position following the completion of the Combination and believe the Combined Group's greater scale will improve its ability to optimise and diversify its capital resources;
- both OSB and Charter Court have initiated IRB accreditation projects for their mortgage portfolios and will continue to work towards accreditation following the completion of the Combination;
- the Combined Group will maintain an appropriate buffer over its regulatory minimum capital requirements;

MREL

- the Boards of OSB and Charter Court expect the Combination to result in the Combined Group being subject to the Bank of England's MREL requirements for bail-in resolution entities as a result of the

size of the Combined Group's balance sheet, with a transition period expected to be at least 36 months following completion of the Combination;

- the Combination is expected to accelerate the MREL requirements for OSB and Charter Court as both companies would have become subject to MREL requirements in the medium term, based on historical growth rates;
- assuming required, the Combined Group's end-state MREL requirement and appropriate transitional period to reach its end-state MREL requirement will be determined by the Bank of England. The Boards of OSB and Charter Court have considered the implications of MREL on the Combined Group in their assessment of the Combination, and believe the Combined Group is better placed to address MREL requirements than if OSB and Charter Court were each to have an MREL requirement on a standalone basis as a result of future growth; and
- the Boards of OSB and Charter Court intend to establish a new holding company for the Combined Group post the completion of the Combination to facilitate the issuance of MREL-qualifying debt instruments and compliance with the Combined Group's expected MREL requirement.

Quantified Financial Benefits Statement

The OSB Board is confident that, as a direct result of the Combination, the Combined Group will generate meaningful cost synergies and create additional shareholder value. The OSB Board, having reviewed and analysed the potential cost synergies of the Combination, and taking into account the factors they can influence, believes that the Combination will result in £22 million of pre-tax cost synergies on an annual run-rate basis (based on the pro forma results of the Combined Group for the year ended 31 December 2018) by the third anniversary of the completion of the Combination.⁷

The OSB Board expects approximately 30 per cent. of these cost synergies to be achieved by the end of the first 12-month period following completion of the Combination, approximately 75 per cent. by the end of the second 12-month period following completion of the Combination and the full run-rate by the third anniversary of completion of the Combination. On this basis, approximately 10 per cent. of the cost synergies are expected to be recognised in the first 12-month period following completion of the Combination, approximately 40 per cent. in the second 12-month period following completion of the Combination and approximately 90 per cent. in the 12-month period ending on the third anniversary of completion of the Combination.

The OSB Board expects these anticipated quantified cost synergies will accrue as a direct result of the Combination and would not be achieved on a standalone basis.

The quantified cost synergies, which are expected to originate from the cost bases of both OSB and Charter Court, are expected to be realised from:

- (A) the appropriate removal of duplicate senior management roles and central and support functions (expected to contribute approximately 50 per cent. of the full run-rate pre-tax cost synergies);
- (B) efficiencies from combined lending operations (expected to contribute approximately 20 per cent. of the full run-rate pre-tax cost synergies);
- (C) bringing Charter Court's savings account operations in-house (expected to contribute approximately 20 per cent. of the full run-rate pre-tax cost synergies); and
- (D) other operational efficiencies (expected to contribute approximately 10 per cent. of the full run-rate pre-tax cost synergies).

It is expected that the realisation of these quantified cost synergies would give rise to one-off pre-tax costs to achieve of approximately £39 million. These are expected to be phased broadly evenly across a three-year period following completion of the Combination.

Aside from the one-off exceptional costs referred to above and the costs associated with the potential acceleration of the Combined Group's expected MREL requirement, the OSB Board does not expect any material pre-tax dis-synergies to arise in connection with the Combination.

Please refer to Appendix I for further details of the anticipated cost synergies arising out of the Combination and the underlying assumptions and the bases of preparation. References to anticipated synergies should be read in conjunction with Appendix I.

⁷ This statement constitutes a quantified financial benefits statement for the purposes of the City Code. Please see Appendix I for further details.

The OSB Directors have confirmed that the Quantified Financial Benefit Statement remains valid. KPMG, as reporting accountants to OSB, and Rothschild & Co and Barclays, as financial advisers to OSB, have also confirmed to OSB that the reports they produced in connection with the Quantified Financial Benefit Statement continue to apply. Copies of their reports were included in Parts B and C of Appendix IV of the Firm Offer Announcement.

Earnings accretive to shareholders of OSB and Charter Court

The Combination is anticipated to be earnings accretive for the shareholders of both OSB and Charter Court in 2021 (excluding the additional financing costs related to the phased implementation of the Combined Group's expected MREL requirement).⁸ The OSB Directors believe that the expected increase in financing costs as a result of the Combined Group's expected MREL requirement (excluded in the assessment of earnings accretion mentioned above) would be more than offset by the expected pre-tax cost synergies on an annual run-rate basis of £22 million (such cost synergies being based on the pro forma results of the Combined Group for the year ended 31 December 2018).⁹ In addition, the OSB Board and the Charter Court Board believe that, given the growth profile of both businesses, the standalone cost base of each entity would have grown over time. As a result, over time, the quantified cost synergies described above could potentially be driven across a growing cost base and future planned expenses could potentially be avoided. These potential additional financial benefits have not been quantified for reporting under the City Code.

Strong capital generation to support a strong dividend policy

The OSB Board and the Charter Court Board expect that the delivery of meaningful cost synergies from the Combination is expected to support improved capital generation in the future. As a result, and consistent with the current dividend policy of OSB and Charter Court, the OSB Board and the Charter Court Board expect the Combined Group, following the completion of the Combination, to adopt a policy of paying out at least 25 per cent. of underlying profit after taxation attributable to ordinary shareholders.

6 OSB's intention and strategic plans for the Combined Group

Board and management of the Combined Group

Following completion of the Combination, and subject to regulatory approvals:

- Sir Malcolm Williamson, currently Chairman of Charter Court, will assume the Chairmanship of the Combined Group;
- Andy Golding and April Talintyre, currently CEO and CFO of OSB, respectively, will retain their positions of CEO and CFO, respectively, in the Combined Group;
- David Weymouth, currently Chairman of OSB, will become the Deputy Chairman of the Combined Group and lead a Board Integration Committee with a clear focus on the delivery of cost synergies and the other expected benefits of the Combination;
- to ensure an appropriate balance of representation and governance, Noël Harwerth, Rajan Kapoor, Tim Brooke and Ian Ward, currently non-executive directors of Charter Court, will join the six current non-executive directors on the OSB Board, with Noël Harwerth joining as Senior Independent Director;
- Rajan Kapoor will chair the Audit Committee, Sir Malcolm Williamson will chair the Nomination and Governance Committee, Graham Allatt will chair the Risk Committee and Mary McNamara will chair the Remuneration Committee (the latter of which will comprise an equal number of members of the current OSB Board and the current Charter Court Board); and
- Peter Elcock will take on the group risk role with responsibility for the integration and convergence of the risk frameworks and function. Hasan Kazmi will remain CRO for the existing OSB business.

In addition, to ensure continuity and to deliver the benefits of the transaction to both sets of shareholders, following completion of the Combination, and subject to regulatory approvals:

- Ian Lonergan, currently CEO of Charter Court, will assume the role of Integration Director of the Combined Group for a period of up to 18 months to facilitate bringing together OSB's and Charter Court's capabilities to deliver the expected benefits of the Combination;

⁸ Earnings accretive on an underlying basis. This statement is not intended to be, and should not be construed as, a profit forecast for the purposes of the City Code.

⁹ Run-rate expected to be achieved by the third anniversary of the completion of the Combination. This statement constitutes a quantified financial benefits statement for the purposes of the City Code. Please see Appendix I for further details.

- Sebastien Maloney, currently CFO of Charter Court, will be retained as an adviser to the Combined Group for a period of up to 12 months to facilitate the integration of Charter Court's in-house capital markets and balance sheet management capabilities into the Combined Group in order to best establish the potential use of these capabilities across the enlarged balance sheet; and
- Philip Jenks, currently Deputy Chairman of Charter Court, will be retained as an adviser to the Integration Committee of the Combined Group for a period of up to 12 months.

Employees

Following completion of the Combination, the executive leadership of the Combined Group will aim to retain the best talent of Charter Court and OSB. The OSB Board expects that, in order to achieve the expected benefits of the Combination, some operational and administrative restructuring may be required following completion of the Combination. The synergy work carried out to date has confirmed the potential to reduce the duplication of roles, in particular as a result of the overlap in central and support functions between OSB and Charter Court, as well as efficiencies from combined lending operations, both of which are expected to lead to a decrease in the total number of full time employees in the Combined Group. It is currently expected that the total number of full time employees of the Combined Group, being approximately 1,684 as at 14 March 2019, will reduce by approximately 14 per cent., some of which would take place via natural attrition. This also does not take into account expected new roles to be created (primarily at OSB's India-based operations). The restructuring is expected to be phased over three years following completion of the Combination; however, the detailed steps for such a restructuring are subject to further review and will be subject to any required consultation with employees and/or their representatives. It is expected that, where possible, the Combined Group will seek to review opportunities to reallocate staff from discontinued roles arising from the restructuring to other appropriate new roles that may be created from organic growth in the Combined Group.

It is not envisaged that there will be any material change to the balance of skills and functions of the employees and management in the Combined Group.

OSB intends to safeguard the existing contractual and statutory employment rights of the employees of OSB and Charter Court in accordance with applicable law upon completion of the Combination, and does not envisage making any material changes to the conditions of employment of the Charter Court employees. OSB has agreed that, following completion of the Combination, it will amend the redundancy policies operated within the Combined Group to provide, within a period following completion of the Combination to be agreed between OSB and Charter Court (and to be based on an anticipated integration period), an enhanced level of redundancy pay of twice statutory redundancy plus 1.5 weeks salary per year of service (with pro rata credit for part years of service in respect of the 1.5 weeks).

Headquarters and locations

Upon completion of the Combination, OSB intends that the Combined Group will maintain its current locations and be headquartered in Chatham, United Kingdom. Charter Court's current headquarters in Wolverhampton will be retained as a centre of excellence. In addition, OSB and Charter Court intend to consolidate their existing London premises to new premises in London following completion of the Combination.

The OSB Board does not envisage any other changes with regard to the redeployment of OSB or Charter Court's existing material fixed assets, in particular there are no current plans for large-scale IT integration. Owing to the nature of its business, Charter Court has no research and development function.

Pensions

Following completion of the Combination, OSB does not intend to make any material changes with regard to the agreed employer contributions into Charter Court's existing defined contribution pension schemes or the accrual of benefits to existing members or the admission of new members to such pension schemes.

Brands

Following the completion of the Combination, OSB intends to retain and operate the lending brands of both OSB and Charter Court (including Kent Reliance, Interbay, Prestige and Precise Mortgages). In addition, OSB intends to operate both of OSB's and Charter Court's retail savings brands (Kent Reliance and Charter Savings Bank).

Other

No statements in this paragraph 6 constitute “post-offer undertakings” for the purposes of Rule 19.5 of the City Code.

7 Information relating to Charter Court

Charter Court began trading as a bank on 2 March 2015 and was admitted to the main market of the London Stock Exchange in October 2017. Charter Court joined the FTSE 250 index in March 2018. Charter Court is a specialist lending and retail savings group, whose wholly-owned subsidiary, Charter Court Financial Services Limited, is authorised by the PRA and regulated by the FCA and PRA.

Based in Wolverhampton, the Charter Court Group trades under the Charter Savings Bank, Precise Mortgages, and Exact Mortgage Experts brands in the UK.

Charter Court firmly targets underserved market sub-sectors underpinned by positive long-term market dynamics, and where it has established expertise spanning the entire mortgage lifecycle through its highly-skilled and experienced teams. These markets include buy-to-let, residential, bridging and second charge mortgage lending. Charter Court uses a broad and effective distribution network of intermediaries to target its customers, and is differentiated through its scalable state-of-the-art automated technology and systems.

The Charter Court Group is predominantly funded by retail savings originated through the Charter Savings Bank brand, which includes online and postal channels. Diversification of funding is currently provided by access to a securitisation programme and the introduction of alternative retail savings products such as ISAs and pooled deposits.

For the 12-months ended 31 December 2018, Charter Court reported £7.8 billion of total assets and profit after tax of £120.8 million.

8 Information relating to OSB

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 joined the FTSE 250 index in June 2015. OSB is a specialist lending and retail savings group authorised by the PRA and regulated by the FCA and PRA.

Based in Chatham, Kent, the OSB Group trades under the Kent Reliance, InterBay Commercial, Prestige Finance, and Heritable Development Finance brands in the UK. The OSB Group also has a presence in the Channel Islands under the Jersey Home Loans and Guernsey Home Loans brands.

OSB primarily targets underserved market sub-sectors that offer high growth potential, attractive risk-adjusted returns and where it has established expertise, platforms and capabilities. These include private rented sector/professional buy-to-let, commercial and semi-commercial mortgages, residential development finance, bespoke and specialist residential lending and secured funding lines and asset finance. OSB targets its customers through specialist brokers and independent financial advisers, and is differentiated through its use of high-skilled, bespoke underwriting and its efficient operating model.

The OSB Group is predominantly funded by retail savings originated through the long established Kent Reliance name, which includes online and postal channels, as well as a network of branches in the South East of England. Diversification of funding is currently provided by access to a securitisation programme and the Term Funding Scheme, which OSB joined in 2016.

OSB’s retail trading name “Kent Reliance” has over 150 years of heritage and can trace its roots back to 1847.

For the 12 months ended 31 December 2018, OBS reported £10.5 billion of total assets and profit after tax of £140.3 million.

9 Current trading and prospects

Charter Court current trading and prospects

Charter Court released its results for the financial year ended 31 December 2018 on 14 March 2019. A copy of the Charter Court 2018 Annual Report and Accounts is available on Charter Court’s website at www.chartercourtfsc.co.uk. On 15 May 2019, Charter Court released its trading update for the first quarter of 2019, ended 31 March 2019. A copy of the Charter Court trading update for the first quarter of 2019 will also be made available on Charter Court’s website at www.chartercourtfsc.co.uk.

Since 31 March 2019, the financial performance of the Charter Court Group has been in line with the expectations of its management.

OSB current trading and prospects

OSB released its results for the financial year ended 31 December 2018 on 14 March 2019. A copy of the OSB 2018 Annual Report and Accounts is available on OSB's website at www.osb.co.uk. On 15 May 2019, OSB released its trading update for the first quarter of 2019, ended 31 March 2019. A copy of the OSB trading update for the first quarter of 2019 will also be made available on OSB's website at www.osb.com.

Since 31 March 2019, the OSB group's financial performance has been in line with management's expectations.

10 Dividends and dividend policy

Under the terms of the Combination, OSB and Charter Court have agreed that:

- Charter Court Shareholders will be entitled to receive and retain:
 - the dividend of 12.7 pence per Charter Court Share in respect of the completed 12-month period ended 31 December 2018, as announced by Charter Court on 14 March 2019; and
 - should completion of the Combination occur after the record date for Charter Court's 2019 half-yearly interim dividend in respect of the completed six-month period ending 30 June 2019 (subject to such record date being no earlier than 20 August 2019), any dividend announced, declared, made or paid by Charter Court, prior to the Effective Date, in respect of the completed six-month period ending 30 June 2019 without any reduction to the Consideration, provided that such dividend does not exceed one-third of the total dividend per Charter Court Share for the completed 12-month period ended 31 December 2018,

(any such dividend (or part thereof) that is permissible under these criteria being a "**Charter Court Permitted Dividend**"); and

- OSB Shareholders will be entitled to receive and retain:
 - the dividend of 14.6 pence per OSB Share in respect of the combined 12-month period ended 31 December 2018, as announced by OSB on 14 March 2019; and
 - should completion of the Combination occur after the record date for OSB's 2019 half-yearly interim dividend in respect of the completed six-month period ending 30 June 2019 (subject to such record date being no earlier than 20 August 2019), any dividend announced, declared, made or paid by OSB, prior to the Effective Date, in respect of the completed six-month period ending 30 June 2019, provided that such dividend does not exceed one-third of the total dividend per OSB Share for the completed 12-month period ended 31 December 2018,

(any such dividend (or part thereof) that is permissible under these criteria being an "**OSB Permitted Dividend**").

If, on or after the date of the Firm Offer Announcement and prior to the Effective Date, any dividend and/or other distribution and/or other return of value is announced, declared, made or paid or becomes payable:

- in respect of Charter Court Shares, other than a Charter Court Permitted Dividend or a Charter Court Equalising Dividend, or in excess of a Charter Court Permitted Dividend or a Charter Court Equalising Dividend, OSB reserves the right (without prejudice to any right OSB may have, with the consent of the Panel, to invoke Condition 4(H)(ii) in Part III of this document) to (at OSB's sole discretion): (i) reduce the Consideration by an amount equivalent to all or any part of such excess, in the case of Charter Court Permitted Dividends or Charter Court Equalising Dividends, or otherwise by the amount of all or part of any such dividend and/or other form of capital return or distribution, in which case any reference in this document (or, in the event that the Combination is to be implemented by means of an Offer, the Offer Document) to the Consideration will be deemed to be a reference to the Consideration as so reduced; and/or (ii) declare and pay an equalising dividend to OSB Shareholders so as to reflect the value attributable to all or any part of such excess, in the case of Charter Court Permitted Dividends or Charter Court Equalising Dividends, or otherwise by the amount of all or part of any such dividend and/or other form of capital return or distribution (any such equalising dividend announced, declared, made or paid in accordance with this point (ii) being an "**OSB Equalising Dividend**"); and/or
- in respect of OSB Shares, other than an OSB Permitted Dividend or an OSB Equalising Dividend, or in excess of an OSB Permitted Dividend or an OSB Equalising Dividend, Charter Court shall be entitled to declare and pay an equalising dividend to Charter Court Shareholders so as to reflect the value

attributable to all or any part of such excess, in the case of OSB Permitted Dividends or OSB Equalising Dividends, or otherwise by the amount of all or part of any such dividend and/or other form of capital return or distribution, without any consequential change to the Consideration (a “**Charter Court Equalising Dividend**”).

The Charter Court Directors have confirmed that in the period commencing on the date of the Firm Offer Announcement and ending on the Latest Practicable Date Charter Court has not announced, declared, made or paid any dividend and/or other distribution and/or other return of value other than a Charter Court Permitted Dividend.

The OSB Directors have confirmed that in the period commencing on the date of the Firm Offer Announcement and ending on the Latest Practicable Date OSB has not announced, declared, made or paid any dividend and/or other distribution and/or other return of value other than an OSB Permitted Dividend.

Dividend policy for the Combined Group

Given the expected strong capital generation and consistent with the current dividend policy of OSB and Charter Court, the OSB Board and the Charter Court Board expect the Combined Group, following the completion of the Combination, to adopt a policy of paying out at least 25 per cent. of underlying profit after taxation attributable to ordinary shareholders.

Irrespective of the date on which the Effective Date falls, Charter Court Shareholders will not be entitled to receive any dividend announced, declared, made or paid by OSB for the benefit of the OSB Shareholders by reference to a record date falling prior to the Effective Date.

11 Arrangements between the Charter Court Executive Directors and OSB

In connection with Ian Lonergan assuming the role of Integration Director of the Combined Group following the Combination, and Sebastien Maloney being retained as an adviser to the Combined Group following the Combination, OSB and Charter Court have agreed the following terms.

In respect of Ian Lonergan it has been agreed that, subject to the variations explained below, his current remuneration arrangements will continue during his service as Integration Director of the Combined Group. Following completion of the Combination, Ian Lonergan’s annual bonus opportunity will be reduced from 125 per cent. of base salary per annum to 100 per cent. of base salary per annum. Any bonus will otherwise be delivered under terms broadly equivalent to those of OSB’s normal annual bonus and deferral arrangements, save that in the event of a good leaver departure within six months of completion of the Combination any time-based pro-rating would be based on a minimum of six months’ assumed service; and payment of the full bonus will require “on target” performance. Ian Lonergan’s existing awards under the Charter Court Share Plans will be treated in line with all other awards under the plans, including the grant of replacement PSP awards, as summarised below at paragraph 13 of this Part II below. If he remains in employment until the normal grant dates, Ian Lonergan will participate in the OSB Performance Share Plan 2014 in 2020 and may be eligible to participate in 2021 at a grant level of 100 per cent. (reduced from the current level of 125 per cent.). As an employee of the Combined Group, Ian Lonergan will be subject to the amended enhanced redundancy arrangements to be implemented by OSB as referred to above, save that the redundancy payment for Ian Lonergan will be limited to statutory redundancy plus 1.5 weeks’ pay per year of service (with pro rata credit for part years’ service in respect of those 1.5 weeks). If his employment is terminated at the end of the 18 months from completion of the Combination, or earlier by OSB other than for cause, Ian Lonergan will not be required to serve any notice period and will be made a payment in lieu of 12 months’ notice. The period of notice that Ian Lonergan will be required to give of his resignation will reduce on a monthly basis over the final 12 months of the period of the arrangement, so as not to exceed the full duration of the arrangement (subject to any statutory requirements as to minimum notice). On his departure, it has been agreed that Ian Lonergan will be treated for his remuneration arrangements (including for determining eligibility for a payment in line with the enhanced element of the redundancy arrangements referred to above) as a redundant good leaver save where the departure is as a result of his resignation or dismissal for cause. On such a good leaver departure, the vesting of performance share plan awards would (or, in the case of an award granted in 2021 may) occur, subject to performance and time pro-rating, at the time of the departure.

It has been agreed that Sebastien Maloney will leave his current employment on completion of the Combination, and be provided with a payment in lieu of 12 months’ base salary in line with his current employment contract and a redundancy payment. Sebastien Maloney will then be retained as an adviser to

the Combined Group for a period of up to 12 months from completion of the Combination. Other than the incentive fees/cash PSP equivalent described below, he will be entitled to an overall payment of up to £540,600 (paid pro rata monthly) and will also be entitled to receive incentive fees calculated on the basis of an aggregate maximum opportunity of £430,500. The amount of incentive fee payable will be based on performance conditions, with payment of the full fee opportunity requiring on target performance to be achieved. The performance metrics, as well as the other terms of this incentive fee arrangement, will be broadly equivalent to those applied under OSB's normal annual bonus and current deferral arrangements, save that in the event of a good leaver departure within six months of completion of the Combination any time-based pro-rating would be based on a minimum of six months' assumed service. Sebastien Maloney's existing awards under the Charter Court Share Plans will be treated in line with all other awards under the plans, save that as he will not receive the replacement PSP awards summarised below at paragraph 15 of this Part II, OSB has agreed to provide him with a cash equivalent for those awards which will become payable on the same terms as apply to the replacement awards. On termination of his contract, other than by way of early termination by Sebastien Maloney or by OSB for serious breach of the contract or gross misconduct by Sebastien Maloney, Sebastien Maloney will be treated as a good leaver for the purpose of the incentive fee arrangement described above, and will be entitled to: (i) a termination payment equal to 3/104ths of his current salary per year of service (inclusive of his years of service as an employee of Charter Court prior to completion of the Combination, with pro rata credit for part years' service); and (ii) payment of any amount due in respect of the cash equivalent replacement share awards (as determined based on performance and subject to time pro-rating, in accordance with the terms of such awards).

All awards under any share plan (or their cash equivalent if applicable), including any deferral, shall be subject to OSB's 2019 malus and clawback provisions.

The above is subject to obtaining any necessary or appropriate approvals from any regulatory authority, and to any provision of any applicable law or rule of any regulatory authority.

As required by, and solely for the purposes of, Rule 16.2 of the City Code, Credit Suisse has (in its capacity as independent adviser to Charter Court for the purposes of Rule 3 of the City Code) reviewed the terms agreed and discussed in respect of Ian Lonergan and Sebastien Maloney as described above and considers them to be fair and reasonable. In providing its advice, Credit Suisse has taken into account the commercial assessments of the Charter Court Directors.

OSB has not held discussions in respect of the remuneration or incentive arrangements that may apply following completion of the Combination with any of the other Charter Court Directors.

12 The Charter Court Directors and the effect of the Scheme on their interests

Details of the interests of the Charter Court Directors in the share capital of Charter Court and options and awards over this share capital are set out in paragraph 5 of Part V of this document. Charter Court Shares held by the Charter Court Directors at the Scheme Record Time will be subject to the Scheme.

Particulars of the service contracts (including termination provisions) and letters of appointment of the Charter Court Directors are set out in paragraph 10 of Part V of this document.

Details of the irrevocable undertakings given to OSB by the Charter Court Directors in respect of their interests in Charter Court Shares are set out in paragraph 14 of this Part II.

Philip Jenks will be resigning from Charter Court with effect from the Effective Date and will become an adviser to the Integration Committee of the Combined Group for a period of up to 12 months following completion of the Combination. Ian Lonergan, Sebastien Maloney and Peter Elcock will also be stepping down from their current roles with effect from the Effective Date; Ian Lonergan will assume the role of Integration Director of the Combined Group for a period of up to 18 months following completion of the Combination, Sebastien Maloney will be retained as an adviser to the Combined Group for a period of up to 12 months following completion of the Combination and Peter Elcock will take on the group risk role with responsibility for the integration and convergence of the risk frameworks and function. Further details of these arrangements are set out in paragraph 11 of this Part II above.

Save as set out above, the effect of the Scheme on the interests of Charter Court Directors does not differ from its effect on the like interests of any other Charter Court Shareholder.

13 Charter Court Share Plans

Participants in the Charter Court Share Plans will be written to separately to inform them of the effect of the Scheme on their rights under the Charter Court Share Plans, including details of any appropriate proposals being made.

Charter Court and OSB have agreed the following arrangements in respect of awards under the Charter Court Share Plans, subject to any necessary or appropriate approvals from any regulatory authority, and to any provision of any applicable law or rules of any regulatory authority.

Treatment of existing awards

Awards under the Charter Court Performance Share Plan 2017 will, to the extent not already vested and in accordance with the rules of the plan, vest and become exercisable on the date on which the Court sanctions the Scheme. Awards granted in 2017 will become capable of vesting to the full extent determined by the applicable performance conditions (as determined by the Charter Court Remuneration Committee), without reduction for time. A time-based proportion of awards granted in 2018 and 2019 will become capable of vesting, on the basis of an agreed time-based proportion of 2/3rds for awards granted in 2018 and on the basis of the proportion of the normal vesting period elapsed to the date of the Court Sanction Hearing for awards granted in 2019. The extent to which that proportion of these awards will vest will be determined by the applicable performance conditions (as determined by the Charter Court Remuneration Committee).

Awards granted in 2019 under the Charter Court Deferred Bonus Plan 2017 will, in accordance with the rules of the plan, vest in full on the date on which the Court sanctions the Scheme.

Options granted under the Charter Court Sharesave Scheme will become exercisable on the date on which the Court sanctions the Scheme to the extent of participants' savings accrued to the date of exercise. Alternatively, OSB will offer participants the choice to roll-over options under the Charter Court Sharesave Scheme into equivalent options over OSB Shares.

The Combination will extend to any Charter Court Shares which are unconditionally allotted, issued or transferred to satisfy the exercise of options or vesting of awards under the Charter Court Share Plans prior to the Scheme Record Time. As the Scheme will not extend to Charter Court Shares issued after the Scheme Record Time, it is proposed that the Articles be amended such that any Charter Court Share issued after the Scheme Record Time will be automatically transferred to OSB in consideration for the same consideration as is payable under the Scheme.

Continuation of PSP awards

OSB has agreed that the portion of awards granted in 2018 and 2019 under the Charter Court Performance Share Plan 2017 that will not be capable of vesting due to time pro-rating at the time of the sanction of the Scheme by the Court (being one third of such awards granted in 2018, and the relevant proportion for awards granted in 2019 being dependent on the date of the Court Sanction Hearing) will be replaced by the grant of an award over an equivalent number of OSB Shares under terms substantively aligned with the OSB Performance Share Plan 2014, with such replacement awards to be subject to the same vesting schedule and performance conditions as apply to awards granted by OSB in 2018 and 2019 respectively. In the event of a need to apply time pro-rating to such awards (such as in the event of a good leaver), the pro-rating of the awards granted in replacement of awards granted in 2018 will be assessed by reference to the period of one year from the date the Scheme becomes Effective (and by reference to the remainder of the applicable performance period in the case of awards granted in replacement of awards granted in 2019).

As required by, and solely for the purposes of, Rule 16.2 of the City Code, Credit Suisse has (in its capacity as independent adviser to Charter Court for the purposes of Rule 3 of the City Code) reviewed the terms of the replacement awards as described above and considers them to be fair and reasonable. In providing its advice, Credit Suisse has taken into account the commercial assessments of the Charter Court Directors.

14 Undertakings to vote in favour of the Combination

OSB has received irrevocable undertakings from the Charter Court Directors who hold Charter Court Shares and Elliott to vote in favour of the Scheme at the Court Meeting and the Special Resolution to be proposed at the Charter Court General Meeting in respect of a total of 79,223,469 Charter Court Shares, representing, in aggregate, approximately 33.10 per cent. of the ordinary issued share capital of Charter Court as at the Latest Practicable Date. Under the terms of its irrevocable undertakings, Elliott has unconditionally undertaken to take (and to procure that all persons that are required to give notice under section 178 of FSMA in connection with the Combination by virtue of, or as a result of, any decision by Elliott to acquire or increase its interest in the New OSB Shares take) all reasonable steps to satisfy the Change in Control Condition in respect of its and any member of its group's proposed interest in the New OSB Shares as contemplated by the Combination. In addition, OSB has received a letter of intent from

Merian to vote in favour of the Scheme at the Court Meeting and the Special Resolution to be proposed at the Charter Court General Meeting in respect of 34,834,451 Charter Court Shares, representing, in aggregate, approximately 14.56 per cent. of the ordinary issued share capital of Charter Court as at the Latest Practicable Date.

In addition, Charter Court has received irrevocable undertakings from the OSB Directors who hold OSB Shares to vote in favour of the OSB Resolutions to be proposed at the OSB General Meeting in respect of a total of 1,203,775 OSB Shares, representing, in aggregate, approximately 0.49 per cent. of the ordinary issued share capital of OSB as at the Latest Practicable Date. Charter Court has also received a letter of intent from Merian to vote in favour of the OSB Resolutions to be proposed at the OSB General Meeting in respect of a total of 28,755,206 OSB Shares representing, in aggregate, approximately 11.73 per cent. of the ordinary issued share capital of OSB as at the Latest Practicable Date.

Further details of these irrevocable undertakings and letters of intent, including the circumstances in which they will fall away, are set out in paragraph 4 of Part V of this document.

15 Description of the Scheme and the Charter Court Meetings

Introduction

The Combination is to be effected by way of a Court-sanctioned scheme of arrangement of Charter Court under Part 26 of the Companies Act. The provisions of the Scheme are set out in full in Part VI of this document.

The Scheme is a legal process under the Companies Act, the purpose of which is to enable OSB to become the owner of the entire issued and to be issued share capital of Charter Court. In order to achieve this, it is proposed that all Charter Court Shares will be transferred to OSB, in consideration for which the Charter Court Shareholders whose names appear on the register of members of Charter Court at the Scheme Record Time will be entitled (subject to certain terms and conditions) to receive New OSB Shares on the basis set out in paragraph 2 of this Part II above.

After the Scheme Record Time, entitlements to Charter Court Shares held within the CREST system will be cancelled. Once the Scheme becomes Effective, share certificates in respect of Charter Court Shares will cease to be valid and every Charter Court Shareholder shall be bound at the request of Charter Court to deliver up their share certificate(s) to Charter Court (or any person appointed by Charter Court to receive the same) or to destroy the same.

Any Charter Court Shares issued before the Scheme Record Time will be subject to the terms of the Scheme.

In order for the Scheme to become Effective:

- (i) the Scheme must be approved by a majority in number of Charter Court Shareholders present and voting, whether in person or by proxy, at the Court Meeting representing not less than 75 per cent. of the votes cast at the Court Meeting;
- (ii) the Special Resolution must be approved at the Charter Court General Meeting by Charter Court Shareholders representing at least 75 per cent. of the votes cast (either in person or by proxy) at the Charter Court General Meeting;
- (iii) the Combination and the issue and allotment of the New OSB Shares must be approved at the OSB General Meeting by the requisite majority of OSB Shareholders (described in more detail in paragraph 17 of this Part II below);
- (iv) the Court must sanction the Scheme at the Scheme Court Sanction Hearing; and
- (v) a copy of the Scheme Court Order must be delivered to the Registrar of Companies.

The Scheme can only become Effective in accordance with its terms if all the Conditions to the Combination have been satisfied or, where relevant, waived. Further details of these Conditions are summarised in paragraph 16 of this Part II below and set out in Part III of this document. The Scheme will become Effective on delivery of a copy of the Scheme Court Order to the Registrar of Companies.

Once the Scheme becomes Effective, it will be binding on Charter Court and all Charter Court Shareholders, including those who did not attend the Charter Court Meetings or vote to approve the Scheme, or who voted against the Scheme at the Court Meeting.

The Charter Court Meetings

Before the Court is asked to sanction the Scheme, the Scheme will require the approval of Charter Court Shareholders at the Court Meeting and the passing of the Special Resolution by Charter Court Shareholders at the Charter Court General Meeting.

Notices of the Court Meeting and the Charter Court General Meeting are set out in Parts VIII and IX of this document respectively.

The Court Meeting and the Charter Court General Meeting will be held at the offices of Linklaters LLP at One Silk Street, London EC2Y 8HQ.

The Court Meeting

The Court Meeting, which has been convened for 10.30 a.m. on 6 June 2019, is being held with the permission of the Court to seek the approval of Scheme Shareholders for the Scheme.

At the Court Meeting, voting will be by way of poll and each Charter Court Shareholder present (in person or by proxy) will be entitled to one vote for each Charter Court Share held. In order for the resolution to be passed, it must be approved by a majority in number of Charter Court Shareholders present and voting, whether in person or by proxy, at the Court Meeting representing not less than 75 per cent. of the votes cast at the Court Meeting.

Due to the length of time anticipated to be required to calculate the result of the poll, the result may not be announced at the Court Meeting. The result of the vote at the Court Meeting will be publicly announced by Charter Court via a Regulatory Information Service as soon as practicable after it is known and, in any event, by no later than 8.00 a.m. on the Business Day following the Court Meeting.

It is important that, for the Court Meeting in particular, as many votes as possible are cast so that the Court may be satisfied that there is a fair representation of Charter Court Shareholder opinion. You are therefore strongly urged to sign and return your Forms of Proxy, or to appoint a proxy through CREST or via Equiniti's website at www.sharevote.co.uk and follow the online instructions, as soon as possible.

You will find the Notice of the Court Meeting in Part VIII of this document.

The Charter Court General Meeting

The Charter Court General Meeting has been convened for 10.45 a.m. on 6 June 2019, or as soon thereafter as the Court Meeting has concluded or been adjourned, to consider and, if thought fit, pass the Special Resolution to:

- (i) authorise the Charter Court Directors to effect the Scheme; and
- (ii) approve certain amendments to the Articles to ensure that, subject to the Scheme becoming Effective, any Charter Court Shares issued to any person (including any participant in the Charter Court Share Plans) (other than to OSB and/or its nominees) at or after the Scheme Record Time will be compulsorily acquired by, or to the order of, OSB, in consideration of (subject to certain terms and conditions) the issue of New OSB Shares or payment of cash consideration on the same basis as under the Scheme.

The proposed amendments to the Articles referred to above are set out in full in the Notice of the General Meeting in Part IX of this document.

At the Charter Court General Meeting, voting will be by way of poll and each Charter Court Shareholder present (in person or by proxy) will be entitled to one vote for each Charter Court Share held. In order for the Special Resolution to be passed, it must be approved by votes in favour representing at least 75 per cent. of the votes cast either in person or by proxy at the Charter Court General Meeting.

Due to the length of time anticipated to be required to calculate the result of the poll, the result may not be announced at the Charter Court General Meeting. The result of the vote at the Charter Court General Meeting will be publicly announced by Charter Court via a Regulatory Information Service as soon as practicable after it is known and, in any event, by no later than 8.00 a.m. on the Business Day following the Charter Court General Meeting.

Entitlement to vote at the Charter Court Meetings

Each holder of Charter Court Shares who is entered in Charter Court's register of members at the Voting Record Time will be entitled to attend, speak and vote at the Court Meeting and the Charter Court General Meeting. If either Charter Court Meeting is adjourned, only those Charter Court Shareholders on the register of members at 6.30 p.m. two days before the date set for the adjourned Charter Court Meeting(s) will be entitled to attend, speak and vote.

Each Charter Court Shareholder is entitled to appoint a proxy or proxies to attend, speak and, on a poll, vote instead of him or her. A proxy need not be a shareholder of Charter Court. The appointment of a proxy will not preclude shareholders entitled to attend, speak and vote at the meeting (or at any adjournment(s) thereof) from doing so in person if they wish and are so entitled.

A BLUE Form of Proxy for the Court Meeting and a YELLOW Form of Proxy for the Charter Court General Meeting accompany this document. To be effective, an appointment of proxy must be duly completed and returned using one of the following methods:

- (i) by sending the appropriate completed and signed Form of Proxy (together, if appropriate, with the power of attorney or other written authority under which it is signed or a certified copy of such power or authority) by post or by hand (during normal business hours) to the office of the Company's registrars, Equiniti, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA, United Kingdom;
- (ii) by logging on to Equiniti's website at www.sharevote.co.uk and using the Voting ID, Task ID and Shareholder Reference Number set out in the Forms of Proxy and following the online instructions; or
- (iii) in the case of CREST members, by utilising the CREST proxy voting service described below,

and, in each case, the appointment of proxy (together with any relevant power/authority) must be received (or, in the case of the appointment of a proxy through CREST, retrieved by enquiry to CREST in the manner prescribed by CREST or, in the case of electronic appointment, via www.sharevote.co.uk) by Equiniti not later than 10.30 a.m. on 4 June 2019 (or, in the case of an adjourned Charter Court Meeting, not less than 48 hours prior to the time and date set for such adjourned Charter Court Meeting).

In the case of the Court Meeting only, the BLUE Form of Proxy can also be handed to a representative of the Company's registrars, Equiniti, at the venue of the Court Meeting or the Chairman of the Court Meeting before the start of the Court Meeting on 6 June 2019 (or any adjournment thereof). In the case of the Charter Court General Meeting, unless the YELLOW Form of Proxy is returned by the time and date mentioned above, it will be invalid.

If you propose to attend the Charter Court Meetings in person, please detach and bring with you the attendance slip provided with the Forms of Proxy to assist your admission.

Charter Court Shareholders who return completed Forms of Proxy may still attend the Charter Court Meetings and vote in person if they wish. In the event of a poll on which a Charter Court Shareholder votes in person, his/her proxy votes previously lodged with Equiniti returned through CREST, or returned using the online Sharevote service will be excluded.

Charter Court Shareholders are entitled to appoint a proxy in respect of some or all of their Charter Court Shares. A space has been included on the Forms of Proxy to allow Charter Court Shareholders to specify the number of Charter Court Shares in respect of which that proxy is appointed. Charter Court Shareholders who return a Form of Proxy duly executed but leave this space blank will be deemed to have appointed a proxy in respect of all of their Charter Court Shares.

Charter Court Shareholders are also entitled to appoint more than one proxy. If you wish to appoint more than one proxy in respect of your shareholding, please photocopy the Forms of Proxy or contact Equiniti. You should also indicate by ticking the box provided if the proxy is one of multiple instructions being given, fill in the name of the proxy and the number of shares in respect of which the proxy is appointed and return the multiple forms together (please ensure that all of the multiple Forms of Proxy in respect of one registered holding are sent in the same envelope if possible) by the time and date referred to above.

If you hold your Charter Court Shares in uncertificated form (i.e. in CREST), you may vote using the CREST proxy voting service in accordance with the procedures set out in the CREST Manual (please also refer to the accompanying notes to the Notice of the General Meeting set out in Part IX of this document). Proxies submitted via CREST (under CREST participant ID: RA19) must be transmitted so as to be received by the latest time(s) for receipt of proxy appointments specified above.

Further information on the action to be taken is set out on pages 10 to 13 (inclusive) of this document.

Sanction of the Scheme by the Court

The Scheme also requires the sanction of the Court. **All Charter Court Shareholders are entitled to attend and be heard at the Scheme Court Sanction Hearing in person or through counsel to support or oppose the sanctioning of the Scheme by the Court.**

Charter Court will give adequate notice of the date and time of the Scheme Court Sanction Hearing, once known, by issuing an announcement through a Regulatory Information Service. The Scheme will become Effective on delivery of a copy of the Scheme Court Order to the Registrar of Companies.

If the Scheme becomes Effective:

- (i) **it will be binding on all Charter Court Shareholders irrespective of whether or not they attended the Charter Court Meetings or voted in favour of or against the Scheme at the Court Meeting or in favour of or against the Special Resolution at the Charter Court General Meeting;**
- (ii) share certificates in respect of Charter Court Shares will cease to be valid and every Scheme Shareholder shall be bound at the request of Charter Court to deliver up their share certificate(s) to Charter Court (or any person appointed by Charter Court to receive the same) or to destroy the same; and
- (iii) entitlements to Charter Court Shares held within the CREST system will be cancelled.

The Charter Court Shares will be acquired fully paid and free from all liens, charges, equitable interests, encumbrances and rights of pre-emption and any other interests of any nature whatsoever and together with all rights attaching thereto.

If the Scheme does not become Effective on or before the Longstop Date, it will lapse and the Combination will not proceed (unless Charter Court and OSB agree otherwise, subject to Panel consent and Court permission).

The Scheme will be governed by English law and will be subject to the jurisdiction of the Court. The Scheme will be subject to the applicable requirements of the City Code, the Listing Rules, the Panel, the London Stock Exchange, the FCA and the Registrar of Companies.

Modifications to the Scheme

The Scheme contains a provision for Charter Court and OSB to consent jointly on behalf of all persons concerned, to any modification of, or addition to, the Scheme or to any condition approved or imposed by the Court. The Court would be unlikely to approve any modification of, or addition to, or impose a condition on, the Scheme which might be material to the interests of Charter Court Shareholders unless Charter Court Shareholders were informed of such modification, addition or condition and given the opportunity to vote on that basis. It would be a matter for the Court to decide, in its discretion, whether or not a further meeting of Charter Court Shareholders should be held in these circumstances.

Fractional entitlements

Fractions of New OSB Shares will not be allotted or issued to Charter Court Shareholders pursuant to the Scheme. Instead, the fractional entitlements of Charter Court Shareholders at the Scheme Effective Time to New OSB Shares shall be aggregated and OSB shall procure that the maximum whole number of New OSB Shares resulting therefrom shall be allotted and issued to a person appointed by OSB to hold such New OSB Shares on behalf of the relevant Charter Court Shareholders. OSB shall procure that such New OSB Shares are sold in the market as soon as practicable after the Scheme Effective Time and that the net proceeds of sale (after the deduction of all commissions and expenses incurred in connection with such sale, including any value added tax payable on the proceeds of sale) shall be paid in due proportion to the relevant Charter Court Shareholders (rounded down to the nearest penny) in accordance with the provisions of the Scheme. However, fractional entitlements to amounts (after the deduction of all commissions and expenses incurred in connection with such sale, including any value added tax payable on the proceeds of sale) of £1.00 or less shall not be paid to the relevant Charter Court Shareholders who would otherwise be entitled to them under the Combination, but shall be retained for the benefit of OSB.

16 Conditionality

The Combination will be subject to Conditions and certain further terms as set out in Part III of this document, including, among other things:

- (i) the CMA confirming, in terms reasonably satisfactory to OSB, that the Combination or any matter arising therefrom or related thereto or any part of it will not be subject to a reference under section 33 of the Enterprise Act 2002;
- (ii) in respect of OSB and each other person required to give a notice under section 178 of FSMA in connection with the Combination, the appropriate regulator(s) (as defined under section 178(2A) of FSMA) of each UK authorised person (as defined under section 191G of FSMA) over which the Combination contemplates an acquisition of or increase in control:
 - (a) giving notice for the purposes of section 189(4)(a) of FSMA that it has determined to approve such acquisition of or increase in control, which (if given on any terms which may reasonably be expected to have an adverse impact on the Wider OSB Group or the Wider Charter Court Group) is on terms satisfactory to OSB (acting reasonably); or
 - (b) being treated, by virtue of section 189(6) of FSMA, as having approved such acquisition of or increase in control;
- (iii) the Charter Court General Meeting and the Court Meeting being held no later than 30 June 2019 or such later date as may be agreed in writing between OSB and Charter Court with the consent of the Panel and the approval of the Court (if such approval is required);
- (iv) the Scheme being approved by the requisite majority of Charter Court Shareholders at the Court Meeting and the Special Resolution being passed by the requisite majority of Charter Court Shareholders at the Charter Court General Meeting;
- (v) the OSB Resolutions being passed by the requisite majority of OSB Shareholders at the OSB General Meeting;
- (vi) the Scheme being sanctioned by the Court no later than the later of: (a) the 22nd day after the expected date of the Court Sanction Hearing;¹⁰ and (b) 30 days after all the Conditions (other than the Scheme Condition) have been satisfied or waived;
- (vii) the Scheme becoming Effective by the Longstop Date; and
- (viii) Admission becoming effective.

Save for pursuant to the terms in Part B of Part III of this document, the Conditions relating to the: (i) the Longstop Date (Condition 1); (ii) the approval of the Scheme by the Charter Court Shareholders at the Court Meeting (Condition 2(A)); (iii) the passing of the Special Resolution by Charter Court Shareholders at the Charter Court General Meeting (Condition 2(B)); (iv) the sanction of the Scheme by the Court at the Scheme Court Sanction Hearing (Condition 2(C)); (v) the passing of the necessary resolutions at the OSB General Meeting (Condition 3); (vi) the approval by the FCA of the application for admission to listing (Condition 4(A)); and (vii) the necessary clearances from the FCA and PRA being given in respect of the Combination and change in controls (Condition 4(B)), are not capable of being waived in whole or in part.

17 OSB Shareholder approval

As described in paragraph 16 of this Part II above, the Scheme is conditional on, among other things, OSB Shareholders passing the following ordinary resolutions, being the OSB Resolutions, at the OSB General Meeting which will be held at 10.00 a.m. on 6 June 2019 at the offices of Slaughter and May, One Bunhill Row, London EC1Y 8YY:

- (i) that the Combination be approved as a “class 1 transaction” and that the OSB Directors be authorised to implement the Combination; and
- (ii) that the OSB Directors be generally and unconditionally authorised to allot the New OSB Shares in connection with the Combination up to an aggregate nominal value of £2,021,655.02.

The authority to allot the New OSB Shares represents approximately 82 per cent. of the total issued share capital of OSB as at the Latest Practicable Date (as at the Latest Practicable Date, OSB did not hold any shares in treasury). The passing of the OSB Resolutions requires more than 50 per cent. of the votes cast in respect of the OSB Resolutions to be cast in favour. If the OSB Resolutions are passed, this authority will expire at OSB’s annual general meeting in 2021 (unless previously revoked, renewed, varied or extended).

¹⁰ See Note (6) on page 15.

If the OSB Resolutions are not passed, the Scheme will not proceed.

The OSB Board considers the Combination and the OSB Resolutions to be in the best interests of OSB and the OSB Shareholders as a whole and unanimously recommends that OSB Shareholders vote in favour of the OSB Resolutions, as the OSB Directors have irrevocably undertaken to do in relation to their own individual beneficial holdings which amount in total to 1,203,775 OSB Shares, representing approximately 0.49 per cent. of OSB's total issued ordinary share capital as at the Latest Practicable Date.

18 Alternative means of implementing the Combination

OSB reserves the right to elect (with the consent of the Panel, and subject to the approval of Charter Court or as otherwise permitted under the terms of the Co-operation Agreement) to implement the acquisition of the Charter Court Shares by way of an Offer as an alternative to the Scheme. In such event, the Offer will be implemented on substantially the same terms, so far as applicable, as those which would apply to the Scheme, subject to appropriate amendments to reflect the terms of the Co-operation Agreement and, among other things, the change in structure by which the Combination is to be implemented and compliance with all applicable laws.

If the Combination is effected by way of an Offer and such Offer becomes or is declared unconditional in all respects and sufficient acceptances are received, OSB intends to: (i) request the London Stock Exchange and the FCA cancel trading in Charter Court Shares on the London Stock Exchange's Main Market for listed securities and the listing of the Charter Court Shares from the Official List; and (ii) exercise its rights to apply the provisions of Chapter 3 of Part 28 of the Companies Act to acquire compulsorily the remaining Charter Court Shares in respect of which the Offer has not been accepted.

19 Return of documents of title

If the Scheme is withdrawn or lapses, documents of title submitted and other documents lodged with either Form of Proxy will be returned to the relevant Charter Court Shareholder as soon as practicable and in any event within 14 days of such lapse or withdrawal.

20 New OSB Shares

The New OSB Shares will be issued in registered form and will be capable of being held in certificated and uncertificated form.

The New OSB Shares will be issued credited as fully paid and will rank *pari passu* in all respects with the OSB Shares in issue at the time the New OSB Shares are issued pursuant to the Combination, including in relation to the right to receive notice of, and to attend and vote at, general meetings of OSB, and the right to receive and retain any dividends and other distributions announced, declared, made or paid by reference to a record date falling on or after the Effective Date and to participate in the assets of OSB upon a winding-up of OSB.

21 Listing of the New OSB Shares, cancellation of the Charter Court Shares and settlement

Listing of the New OSB Shares

Prior to the Scheme becoming Effective, applications will be made to: (i) the FCA for the New OSB Shares to be admitted to the premium listing segment of the Official List; and (ii) the London Stock Exchange for the New OSB Shares to be admitted to trading on the Main Market.

It is expected that the New OSB Shares will be admitted to trading on the London Stock Exchange by 8.00 a.m. on the first Business Day after the Effective Date and dealings for normal settlement in the New OSB Shares will commence at or shortly after that time.

No application has been made or is currently intended to be made by OSB for the New OSB Shares to be admitted to listing or trading on any other exchange.

Cancellation of Charter Court Shares

Prior to the Scheme becoming Effective, applications will be made: (i) to the FCA for the cancellation of the premium listing of Charter Court Shares on the Official List; and (ii) to the London Stock Exchange for the cancellation of trading of Charter Court Shares on the Main Market.

On the basis of the indicative timetable set out on pages 14 and 15 of this document, it is expected that Charter Court Shares will be suspended from the Official List and from trading on the Main Market before markets open on the second Business Day falling immediately after the day of the Scheme Court Sanction Hearing. No transfers of Charter Court Shares will be registered after that time (other than the registration of Charter Court Shares transferred or issued under the Charter Court Share Plans or otherwise under separate share option agreements). It is expected that cancellation will take effect at, or shortly after, 8.00 a.m. on the first Business Day after the Effective Date.

Once the Scheme becomes Effective, Charter Court will become a wholly-owned subsidiary of OSB and share certificates in respect of Charter Court Shares will cease to be valid and every Charter Court Shareholder shall be bound at the request of Charter Court to deliver up their share certificate(s) to Charter Court (or any person appointed by Charter Court to receive the same) or to destroy the same. In addition, on the Effective Date, entitlements to Charter Court Shares held within the CREST system will be cancelled.

Settlement in respect of Charter Court Shares held in uncertificated form (that is, in CREST)

The OSB Directors will apply for the New OSB Shares to be admitted to CREST so that settlement of transactions in New OSB Shares following Admission can take place in uncertificated form within the CREST system. For Charter Court Shareholders who held their Charter Court Shares in uncertificated form at the Scheme Record Time, New OSB Shares to which the Charter Court Shareholder is entitled will be issued in uncertificated form through CREST. The ISIN number for the New OSB Shares will be GB00BM7S7K96. OSB will procure that Euroclear is instructed to credit the appropriate stock account in CREST of the relevant Charter Court Shareholders with such Charter Court Shareholder's entitlement to such New OSB Shares as soon as practicable after the Scheme becomes Effective and in any event within 14 days of the Effective Date.

Charter Court Shares held in uncertificated form will be disabled in CREST as at the Scheme Record Time, being 6.00 p.m. on the Business Day immediately following the day of the Scheme Court Sanction Hearing.

In the case of Charter Court Shareholders who hold Charter Court Shares in uncertificated form at the Scheme Record Time and who are entitled to payment in respect of fractions of New OSB Shares (other than any Charter Court Shareholders who are treated as Restricted Overseas Persons), OSB shall procure that Euroclear is instructed to create an assured payment obligation in favour of the payment bank of the persons entitled thereto in accordance with the CREST assured payment arrangements for the sums payable to them respectively, provided that OSB reserves the right to make payment of the said sums by cheque as set out in the paragraph below if, for reasons outside its reasonable control, it is not able to effect settlement within the CREST system in accordance with this paragraph. However, in relation to fractions of New OSB Shares, fractional entitlements to amounts of £1.00 or less (after the deduction of all commissions and expenses incurred in connection with such sale, including any value added tax payable on the proceeds of sale) will not be paid to the relevant Charter Court Shareholders who would otherwise be entitled to them under the Combination, but shall instead be retained for the benefit of OSB.

In the case of Charter Court Shareholders who hold Charter Court Shares in uncertificated form at the Scheme Record Time and are treated as Restricted Overseas Persons, OSB shall procure the despatch to the persons entitled thereto of cheques for the sums payable to them respectively. However, in relation to fractions of New OSB Shares, entitlements to amounts of £1.00 or less (after the deduction of all commissions and expenses incurred in connection with such sale, including any value added tax payable on the proceeds of sale) will not be paid to the relevant Charter Court Shareholders, but shall be retained by OSB.

OSB reserves the right to issue New OSB Shares to any or all Charter Court Shareholders who hold Charter Court Shares in uncertificated form at the Scheme Record Time in the manner referred to below if, for reasons outside its reasonable control, it is not able to effect settlement within the CREST system in accordance with this paragraph.

All remittances sent through post will be sent at the risk of the person(s) entitled thereto.

Settlement in respect of Charter Court Shares held in certificated form (that is, not in CREST)

New OSB Shares will be allotted and issued to those Charter Court Shareholders who hold their Charter Court Shares in certificated form at the Scheme Record Time. Pending the despatch of share certificates for New OSB Shares, issues of New OSB Shares will be certified against the register of members of OSB.

In the case of Charter Court Shareholders who hold Charter Court Shares in certificated form at the Scheme Record Time and who are either entitled to payment in respect of fractions of New OSB Shares or are

treated as Restricted Overseas Persons, OSB shall procure the despatch to the persons entitled thereto of cheques for the sums payable to them respectively. However, in relation to fractions of New OSB Shares, entitlements to amounts of £1.00 or less (after the deduction of all commissions and expenses incurred in connection with such sale, including any value added tax payable on the proceeds of sale) will not be paid to the relevant Charter Court Shareholders, but shall be retained by OSB.

All documents and remittances sent through the post will be sent at the risk of the person(s) entitled thereto.

Mandates and communication preferences

Under the terms of the Scheme, all mandates and other instructions, including communication preferences given to Charter Court by Charter Court Shareholders and in force at the Scheme Record Time shall, unless and until revoked, be deemed as from the Effective Date to be valid and effective mandates or instructions to OSB in relation to the New OSB Shares, except to the extent that a Charter Court Shareholder already holds OSB Shares at the Scheme Record Time (and Equiniti is able to match such holdings), in which case any mandates and instructions in relation to those existing OSB Shares will also apply to the New OSB Shares received by that Charter Court Shareholder under the terms of the Scheme. If you do not wish any mandates and other instructions, including communications preferences that you have given to Charter Court, to apply to your New OSB Shares, please contact Equiniti on the shareholder helpline before the Scheme Record Time to amend or withdraw such mandates or instructions.

22 Taxation

This paragraph 22 relates only to certain categories of Charter Court Shareholders who are resident in the United Kingdom. Charter Court Shareholders or prospective Charter Court Shareholders who are resident or otherwise subject to taxation in a jurisdiction other than the United Kingdom should consult their own professional advisers immediately.

UK taxation

The summary comments set out below are based on current United Kingdom tax law as applied in England and Wales and what is understood to be HM Revenue & Customs (“HMRC”) practice (which may not be binding on HMRC) as at the date of this document, both of which are subject to change, possibly with retrospective effect. They are intended as a general guide to certain limited aspects of the UK tax treatment of Charter Court Shareholders in respect of the Combination and apply only to Charter Court Shareholders resident and, in the case of an individual, domiciled for tax purposes in, and only in, the United Kingdom and to whom “split year” treatment does not apply (except insofar as express reference is made to the treatment of non-United Kingdom residents), who hold shares in Charter Court as an investment (otherwise than through an individual savings account or a pension arrangement) and who are the absolute beneficial owners thereof (“UK Holders”). Certain categories of Charter Court Shareholders, including (but not limited to) dealers in securities, those subject to UK tax on the remittance basis, those carrying on certain financial or insurance activities, those subject to specific tax regimes or benefiting from certain reliefs and exemptions, those connected with Charter Court or the Charter Court Group and those for whom the shares are employment-related securities may be subject to special rules and this summary does not apply to such shareholders.

The discussion does not address any possible tax consequences relating to an investment in New OSB Shares. For information on the UK tax consequences of: (i) a subsequent disposal of all or any New OSB Shares acquired under the Scheme or otherwise; and (ii) dividends paid in respect of any New OSB Shares, please see sections 2 and 3 of part XV of the OSB Prospectus (for which OSB, the OSB Directors and the Proposed OSB Directors are responsible).

Charter Court Shareholders or prospective Charter Court Shareholders who are in any doubt about their tax position, or who are resident or otherwise subject to taxation in a jurisdiction outside the United Kingdom, should consult their own professional advisers immediately.

UK tax on capital gains

A UK Holder’s liability to UK tax on capital gains will depend on the individual circumstances of such UK Holder and on the form of consideration received.

(i) Receipt of New OSB Shares

To the extent that a UK Holder receives New OSB Shares in exchange for his/her Charter Court Shares and does not hold (either alone or together with persons connected with him/her) more than 5 per cent. of, or of any class of, shares in or debentures of Charter Court, he/she will not be treated as having made a disposal of his/her Charter Court Shares. Instead, the New OSB Shares will be treated as the same asset as those Charter Court Shares acquired at the same time and for the same consideration as those shares.

A UK Holder who holds (either alone or together with persons connected with him/her) more than 5 per cent. of, or of any class of, shares in or debentures of Charter Court will be eligible for the above treatment only if the Scheme is effected for bona fide commercial reasons and does not form part of a scheme or arrangement of which the main purpose, or one of the main purposes, is an avoidance of liability to UK capital gains tax or corporation tax. UK Holders are advised that clearance has been obtained by Charter Court under section 138 of the Taxation of Chargeable Gains Act 1992 that HMRC is satisfied that the Scheme will be effected for *bona fide* commercial reasons and will not form part of any such scheme or arrangements.

(ii) Cash

To the extent that a UK Holder receives cash for his/her Charter Court Shares in respect of fractional entitlements to New OSB Shares, that UK Holder will, except in the circumstances set out in the next paragraph, be treated as disposing of Charter Court Shares which may, depending on the shareholder's individual circumstances (including the availability of exemptions, reliefs or allowable losses), give rise to a liability to UK tax on capital gains.

If a UK Holder receives cash (in respect of fractional entitlements to New OSB Shares) in addition to New OSB Shares, in circumstances where the amount of cash received is small in comparison with the value of his/her Charter Court Shares and the base cost attributable to his/her Charter Court Shares is equal to or greater than the amount of such cash received, the UK Holder will not be treated as having disposed of the shares in respect of which the cash was received. Instead, an amount equal to the amount of such cash will be deducted from the base cost of his/her New OSB Shares for the purposes of computing any chargeable gain or allowable loss on a future disposal of the New OSB Shares.

Under current HMRC practice, any cash payment of £3,000 or less or (if greater) which is 5 per cent. or less of the market value of a UK Holder's holding of Charter Court Shares should generally be treated as small for these purposes.

In all other cases where a UK Holder receives cash in addition to New OSB Shares, the UK Holder will be treated as having made a part disposal of his/her Charter Court Shares which may, depending on the UK Holder's individual circumstances (including the availability of exemption reliefs or allowable losses), give rise to a liability to the tax on chargeable gains. Any chargeable gain shall be computed on the basis of an apportionment of the allowable cost of the holding by reference to the market value of the holding at the time of the disposal.

UK stamp duty and stamp duty reserve tax ("SDRT")

No UK stamp duty or SDRT should generally be payable by UK Holders on the exchange of their Scheme Shares for New OSB Shares and/or cash under the Scheme.

23 Overseas Shareholders

General

The availability of the Scheme and the Combination to Overseas Shareholders may be affected by the laws of other jurisdictions. Overseas Shareholders should inform themselves about and should observe all applicable legal requirements. It is the responsibility of all Overseas Shareholders to satisfy themselves as to the full compliance of the laws of the jurisdiction in which they are situated in connection therewith, including the obtaining of any governmental, exchange control or other consents which may be required, or the compliance with other necessary formalities which are required to be observed and the payment of any issue, transfer or other taxes due in such jurisdiction. Charter Court Shareholders who are in any doubt regarding such matters should consult an appropriate independent professional adviser in the relevant jurisdiction without delay.

In any case, if, in respect of a Charter Court Shareholder who is resident or has a registered address in a jurisdiction outside the United Kingdom or the United States or whom OSB reasonably believes to be a citizen, resident or national of a jurisdiction outside the United Kingdom or the United States, OSB is advised that the law of a country or territory outside the United Kingdom and the United States:

- (i) precludes the allotment, issue and/or delivery to that Charter Court Shareholder of New OSB Shares; or
- (ii) precludes the allotment, issue and/or delivery to that Charter Court Shareholder of New OSB Shares, except after compliance by the Company or OSB (as the case may be) with any governmental or other consent or any registration, filing or other formality with which the Company and/or OSB is unable to comply or compliance with which the Company and/or OSB (as the case may be) regards as unduly onerous,

then OSB may, in its sole discretion, determine that such New OSB Shares shall not be allotted, issued and delivered to such Charter Court Shareholder but shall instead be allotted, issued and delivered to a person appointed by OSB to hold such shares for such shareholder on terms that such person shall, as soon as practicable following the Scheme Effective Time, sell the relevant shares so issued.

Any such sale shall be carried out at the best price which can reasonably be obtained at the time of sale and the net proceeds of such sale (after the deduction of all expenses and commissions incurred in connection with such sale, including any value added tax payable on the proceeds of sale) shall be paid to the relevant Charter Court Shareholder by sending a cheque in accordance with the terms of the Scheme. Any remittance of the net proceeds of the sale referred to shall be at the risk of the relevant Charter Court Shareholder.

This document has been prepared for the purposes of complying with the laws of England and Wales, the City Code and the Listing Rules and the information disclosed may not be the same as that which would have been disclosed if this document had been prepared in accordance with the laws of jurisdictions outside England and Wales. Overseas Shareholders should consult their own legal and tax advisers with respect to the legal and tax consequences of the Combination in their particular circumstances.

Nothing in this document or the accompanying documents should be relied upon for any other reason or purpose. This document and the accompanying documents are for information purposes only and neither this document nor the accompanying documents are intended to, and do not, constitute an offer or invitation to sell, purchase, subscribe for or issue any securities or the solicitation of an offer to buy or subscribe for securities in any jurisdiction in which such offer or solicitation is unlawful.

This document will not be made available, directly or indirectly, in or into or by use of the mails or any other means or instrumentality (including, without limitation, telephonic or electronic) of interstate or foreign commerce of, or any facility of a national, state or other securities exchange of, a Restricted Jurisdiction, and no person may vote in favour of (or against) the Combination by any such use, means, instrumentality or facility or from within a Restricted Jurisdiction. Copies of this document and formal documentation relating to the Combination are not being, and must not be, directly or indirectly, mailed or otherwise forwarded or distributed in, into or from a Restricted Jurisdiction and persons receiving this document (including custodians, nominees and trustees) must not distribute or send it in, into or from a Restricted Jurisdiction.

US securities law

The New OSB Shares have not been, and, unless OSB otherwise elects in the event of an Offer, will not be, registered under the US Securities Act or under the securities laws of any state, district or other jurisdiction of the United States and are expected to be issued in reliance upon the exemption from the registration requirements of the US Securities Act provided by Section 3(a)(10) thereof. For the purposes of qualifying for the exemption from the registration requirements of the US Securities Act afforded by Section 3(a)(10) thereof, Charter Court will advise the Court that its sanctioning of the Scheme will be relied upon by OSB as an approval of the Scheme following a hearing on fairness of the Scheme to Charter Court Shareholders. All Charter Court Shareholders are entitled to attend such Court hearing in person or through counsel to support or oppose the sanctioning of the Scheme and notification of such Court hearing will be given to all such Charter Court Shareholders.

The New OSB Shares generally should not be treated as “restricted securities” within the meaning of Rule 144(a)(3) under the US Securities Act and persons who receive securities under the Scheme (other than “affiliates” as described in the paragraph below) may resell them without restriction under the US Securities Act.

Under US securities laws, persons who are or will be deemed to be affiliates (as defined under the US Securities Act) of Charter Court or OSB prior to, or of OSB after, the Effective Date may not resell the New OSB Shares received under the Scheme without registration under the US Securities Act, except pursuant to an applicable exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act. Whether a person is an affiliate of a company for such purposes depends upon the circumstances, but affiliates of a company can include certain officers and directors and significant shareholders. Charter Court Shareholders who believe they may be affiliates for the purposes of the US Securities Act should consult their own legal advisers prior to any resale of New OSB Shares received under the Scheme.

Other overseas securities laws

Unless otherwise determined by OSB or required by the City Code and permitted by applicable law and regulation, the Combination will not be made available, directly or indirectly, in, into or from a jurisdiction where to do so would violate the laws in that jurisdiction and no person may vote in favour of the Combination by any such use, means, instrumentality or form within any jurisdiction if to do so would constitute a violation of the laws of that jurisdiction.

Accordingly, unless otherwise determined by OSB or Charter Court or required by the City Code and permitted by applicable law and regulation, copies of this document and all documents relating to the Combination are not being, and must not be, directly or indirectly, mailed or otherwise forwarded, distributed or sent in, into or from a jurisdiction where to do so would violate the laws in that jurisdiction, and persons receiving this document and all documents relating to the Combination (including custodians, nominees and trustees) must not mail or otherwise distribute or send them in, into or from such jurisdictions where to do so would violate the laws in that jurisdiction. Any person (including, without limitation, any custodian, nominee and trustee) who would, or otherwise intends to, or who may have a contractual or legal obligation to, forward this document and/or any other related document to any jurisdiction outside the United Kingdom or the United States should inform themselves of, and observe, any applicable legal or regulatory requirements of their jurisdiction.

24 Action to be taken

Your attention is drawn to pages 10 to 13 (inclusive) of this document, which explain the actions you should take in relation to the Combination and the Scheme.

25 Shareholder helpline

If you have any questions relating to this document or the completion and return of the Forms of Proxy, please call Equiniti on 0333 207 6509 (if calling from within the UK) or on +44 121 415 0985 (if calling from outside the UK). Calls from outside the United Kingdom will be charged at the applicable international rate. The helpline is open between 8.30 a.m. and 5.30 p.m., Monday to Friday, excluding public holidays in England and Wales. Please note that Equiniti cannot provide any financial, legal or tax advice and calls may be recorded and monitored for security and training purposes. Members may not use any electronic address provided in either this document or any related documents (including the enclosed Forms of Proxy) to communicate with Charter Court for any purposes other than those expressly stated.

26 Risk factors

Charter Court Shareholders should consider fully and carefully the risk factors associated with the Combined Group and the Combination. Your attention is drawn to the ‘Risk Factors’ section of the OSB Prospectus, which contains, *inter alia*, further information on Charter Court, OSB and the New OSB Shares. The OSB Prospectus (for which OSB, the OSB Directors and the Proposed OSB Directors are responsible), which has been published and is available on OSB’s website, www.osb.co.uk, contains further information on OSB and the New OSB Shares. A copy of the OSB Prospectus will also be made available on Charter Court’s website, www.chartercourtfsc.co.uk, and a hard copy can, subject to applicable securities laws, be requested by contacting Charter Court’s registrars, Equiniti, whose contact details are set out above.

27 Further information

The terms of the Scheme are set out in full in Part VI of this document. Your attention is also drawn to the further information contained in this document and, in particular, to Part III (*Conditions to the Scheme and*

the Combination) of this document, Part IV (*Financial and Ratings Information*) of this document and Part V (*Additional Information*) of this document, which form part of this Explanatory Statement, and to the OSB Prospectus.

Yours faithfully,

for and on behalf of RBC Capital Markets

Oliver Hearsey
Managing Director

for and on behalf of Credit Suisse International

George Maddison
Managing Director

PART III
CONDITIONS TO THE SCHEME AND THE COMBINATION

Part A: Conditions to the Scheme and the Combination

Longstop Date

1. The Combination is conditional upon the Scheme becoming unconditional and Effective, subject to the provisions of the City Code, by not later than the Longstop Date.

Scheme approval

2. The Scheme will be subject to the following conditions:
 - (A) its approval by a majority in number of the Scheme Shareholders who are present and voting (and who are entitled to vote), whether in person or by proxy, at the Court Meeting and at any separate class meeting which may be required by the Court (or at any adjournment of any such meetings), such majority representing not less than 75 per cent. in value of the Scheme Shares voted by such holders of the Scheme Shares in issue as at the Voting Record Time (or the relevant class or classes thereof, if applicable), such Court Meeting and any such separate class meeting to be held on or before the Shareholder Approval Longstop Date (or such later date, if any, as OSB and Charter Court may, with the consent of the Panel, agree and the Court may allow);
 - (B) the Special Resolution being duly passed by the requisite majority or majorities of Charter Court Shareholders at the Charter Court General Meeting, or at any adjournment thereof, such Charter Court General Meeting to be held on or before the Shareholder Approval Longstop Date (or such later date, if any, as OSB and Charter Court may, with the consent of the Panel, agree and the Court may allow); and
 - (C) the sanction of the Scheme by the Court (with or without modification, but subject to any modification being on terms acceptable to OSB and Charter Court) on or before the later of: (i) the 22nd day after the expected date of the Court Sanction Hearing¹¹; and (ii) 30 days after all the Conditions (other than this Condition 2) have been satisfied or waived (or such later date, if any, as OSB and Charter Court may, with the consent of the Panel, agree and the Court may allow) and the delivery of a copy of the Scheme Court Order to the Registrar of Companies in England and Wales for registration.

OSB Shareholder approval

3. The Combination will be conditional upon the OSB Resolutions being duly passed by the requisite majority or majorities of OSB Shareholders at the OSB General Meeting, or at any adjournment thereof.

General Conditions

4. In addition, subject as stated in Part B below and to the requirements of the Panel, OSB and Charter Court have agreed that the Combination will be conditional upon the following Conditions and, accordingly, the necessary actions to make the Scheme Effective will not be taken unless the following Conditions (as amended if appropriate) have been satisfied or, where relevant, waived:

Admission of the New OSB Shares

- (A) the FCA having acknowledged to OSB or its agent (and such acknowledgement not having been withdrawn) that the application for the Admission of the New OSB Shares to the Official List with a premium listing has been approved and (after satisfaction of any conditions to which such approval is expressed to be subject (such conditions being the “**listing conditions**”)) will become effective as soon as a dealing notice has been issued by the FCA and any listing conditions have been satisfied; and (ii) the London Stock Exchange having acknowledged to OSB or its agent (and such acknowledgement not having been withdrawn) that the New OSB Shares will be admitted to trading on the Main Market;

Regulatory clearances

- (B) in respect of OSB and each other person required to give a notice under section 178 of FSMA in connection with the Combination, the appropriate regulator(s) (as defined under section 178(2A) of

¹¹ See Note (6) on page 15.

FSMA) of each UK authorised person (as defined under section 191G of FSMA) over which the Combination contemplates an acquisition of or increase in control:

- (i) giving notice, for the purposes of section 189(4)(a) of FSMA, that it has determined to approve such acquisition of or increase in control, which (if given on any terms which may reasonably be expected to have an adverse impact on the Wider OSB Group or the Wider Charter Court Group) is on terms satisfactory to OSB (acting reasonably); or
- (ii) being treated, by virtue of section 189(6) of FSMA, as having approved such acquisition of or increase in control,

where references to FSMA are read, where applicable, with the Financial Services and Markets Act 2000 (Controllers) (Exemption) Order 2009 (SI 2009/774) (as amended from time to time);

- (C) the CMA confirming, in terms reasonably satisfactory to OSB, that the Combination or any matter arising therefrom or related thereto or any part of it will not be subject to a reference under sections 22 or 33 of the Enterprise Act 2002;

Notifications, waiting periods and Authorisations

- (D) other than in relation to the matters referred to in Conditions 4(B) and 4(C), all relevant Third Parties having waived (or not exercised within any applicable time limits) any termination right, right of pre-emption, first refusal or similar right (which is or could be material in the context of the Wider Charter Court Group taken as a whole or material in the context of the Combination) arising as a result of or in connection with the Combination, and the acquisition or the proposed acquisition of any shares or other securities in, or control or management of, Charter Court or any other member of the Wider Charter Court Group by any member of the Wider OSB Group;
- (E) other than in relation to the matters referred to in Conditions 4(B) and 4(C), all material notifications, filings or applications which are deemed necessary by OSB having been made in connection with the Combination and all necessary waiting periods and other necessary time periods (including any extensions thereof) under any applicable legislation or regulation of any jurisdiction having expired, lapsed or been terminated (as appropriate), and all statutory and regulatory obligations in any jurisdiction having been complied with, in each case in respect of the Combination and all Authorisations deemed reasonably necessary by OSB in any jurisdiction for or in respect of the Combination, and the acquisition or the proposed acquisition of any shares or other securities in, or control or management of, Charter Court or any other member of the Wider Charter Court Group by any member of the Wider OSB Group having been obtained in terms and in a form satisfactory to OSB from all appropriate Third Parties or (without prejudice to the generality of the foregoing) from any person or bodies with whom any member of the Wider Charter Court Group or the Wider OSB Group has entered into contractual arrangements, and all such Authorisations necessary, appropriate or desirable to carry on the business of any member of the Wider Charter Court Group in any jurisdiction having been obtained, and all such Authorisations remaining in full force and effect at the time at which the Combination becomes otherwise effective, and there being no notice or intimation of an intention to revoke, suspend, restrict, modify or not to renew such Authorisations;

General antitrust and regulatory

- (F) other than in relation to the matters referred to in Conditions 4(B) and 4(C), no antitrust regulator or other Third Party having given notice of a decision to take, institute, implement or threaten any action, proceeding, suit, investigation, enquiry or reference (and in each case, not having withdrawn the same), or having required any action to be taken or otherwise having done anything, or having enacted, made or proposed any statute, regulation, decision, order or change to published practice (and in each case, not having withdrawn the same), and there not continuing to be outstanding any statute, regulation, decision or order which would or might reasonably be expected to:
 - (i) require, prevent or materially delay the divestiture, or materially alter the terms envisaged for such divestiture, by any member of the Wider OSB Group or by any member of the Wider Charter Court Group of all or any material part of their respective businesses, assets or property, or impose any limitation on the ability of all or any of them to conduct their respective businesses (or any part thereof) or to own, control or manage any of their assets or properties (or any part thereof);

- (ii) except pursuant to Chapter 3 of Part 28 of the Companies Act, require any member of the Wider OSB Group or the Wider Charter Court Group to acquire or offer to acquire any shares, other securities (or the equivalent) or interest in any member of the Wider Charter Court Group or any asset owned by any Third Party (other than in the implementation of the Combination);
- (iii) impose any limitation on, or result in a delay in, the ability of any member of the Wider OSB Group, directly or indirectly, to acquire, hold or exercise effectively all or any rights of ownership in respect of shares or loans or securities convertible into shares or other securities in any member of the Wider Charter Court Group or on the ability of any member of the Wider Charter Court Group or any member of the Wider OSB Group, directly or indirectly, to hold or exercise effectively all or any rights of ownership in respect of shares or other securities (or the equivalent) in, or to exercise voting or management control over, any member of the Wider Charter Court Group, to an extent which is or could be material in the context of the Combined Group taken as a whole or material in the context of the Combination;
- (iv) otherwise adversely affect any or all of the business, assets, profits or prospects of any member of the Wider Charter Court Group or any member of the Wider OSB Group;
- (v) result in any member of the Wider Charter Court Group or any member of the Wider OSB Group ceasing to be able to carry on business under any name under which it presently carries on business;
- (vi) make the Combination (including the Scheme), its implementation or the acquisition or proposed acquisition of any shares or other securities in, or control or management of, Charter Court by any member of the Wider OSB Group void, unenforceable and/or illegal under the laws of any relevant jurisdiction, or otherwise, directly or indirectly, materially prevent or prohibit, restrict, restrain or delay or otherwise, to a material extent or otherwise, materially interfere with the implementation of, or impose material additional conditions or obligations with respect to, or otherwise challenge, impede, interfere or require material amendment of the Combination or the acquisition or proposed acquisition of any shares or other securities in, or control or management of, Charter Court by any member of the Wider OSB Group;
- (vii) require, prevent or materially delay a divestiture by any member of the Wider OSB Group of any shares or other securities (or the equivalent) in any member of the Wider Charter Court Group or any member of the Wider OSB Group, to an extent which is or could be material in the context of the Combined Group taken as a whole or material in the context of the Combination; or
- (viii) impose any material limitation on the ability of any member of the Wider OSB Group or any member of the Wider Charter Court Group to conduct, integrate or co-ordinate all or any part of its business with all or any part of the business of any other member of the Wider OSB Group and/or the Wider Charter Court Group,

and all applicable waiting and other time periods (including any extensions thereof) during which any such antitrust regulator or other Third Party could decide to take, institute, implement or threaten any such action, proceeding, suit, investigation, enquiry or reference, or take any other step under the laws of any jurisdiction in respect of the Combination or the acquisition or proposed acquisition of any Charter Court Shares, or otherwise intervene, having expired, lapsed or been terminated;

Certain matters arising as a result of any arrangement, agreement, etc.,

- (G) except as Disclosed, there being no provision of any arrangement, agreement, lease, licence, franchise, permit or other instrument to which any member of the Wider Charter Court Group is a party or by or to which any such member or any of its assets is or may be bound, entitled or be subject, or any event or circumstance which, as a consequence of the Combination or the acquisition or the proposed acquisition by any member of the Wider OSB Group of any shares or other securities (or the equivalent) in Charter Court or because of a change in the control or management of any member of the Wider Charter Court Group or otherwise, could or might reasonably be expected to result in:
 - (i) any monies borrowed by, or any other indebtedness, actual or contingent, of, or any grant available to, any member of the Wider Charter Court Group being or becoming repayable, or capable of being declared repayable, immediately or prior to its or their stated maturity date or repayment date, or the ability of any such member to borrow monies or incur any indebtedness being withdrawn or inhibited or being capable of becoming or being withdrawn or inhibited;

- (ii) the creation or enforcement of any mortgage, charge or other security interest over the whole or any part of the business, property or assets of any member of the Wider Charter Court Group or any such mortgage, charge or other security interest (whenever created, arising or having arisen) becoming enforceable;
- (iii) any such arrangement, agreement, lease, licence, franchise, permit or other instrument being terminated, or the rights, liabilities, obligations or interests of any member of the Wider Charter Court Group being terminated or adversely modified or adversely affected, or any obligation or liability arising or any adverse action being taken or arising thereunder;
- (iv) the rights, liabilities, obligations, interests or business of any member of the Wider Charter Court Group or any member of the Wider OSB Group under any such arrangement, agreement, licence, permit, lease or instrument, or the interests or business of any member of the Wider Charter Court Group or any member of the Wider OSB Group in or with any other person or body or firm or company (or any arrangement or arrangements relating to any such interests or business), being or becoming capable of being terminated, or adversely modified or affected, or any onerous obligation or liability arising or any adverse action being taken thereunder;
- (v) any assets or interests of any member of the Wider Charter Court Group being or falling to be disposed of or charged, or any right arising under which any such asset or interest could be required to be disposed of or charged;
- (vi) any member of the Wider Charter Court Group ceasing to be able to carry on business under any name under which it presently carries on business;
- (vii) the value of, or the financial or trading position or prospects of, any member of the Wider Charter Court Group being prejudiced or adversely affected; or
- (viii) the creation or acceleration of any liability (actual or contingent) by any member of the Wider Charter Court Group,

and no event having occurred which, under any provision of any arrangement, agreement, licence, permit, franchise, lease or other instrument to which any member of the Wider Charter Court Group is a party or by or to which any such member or any of its assets are bound, entitled or subject, would result in any of the events or circumstances as are referred to in Conditions 4(G)(i) to 4(G)(viii) (inclusive);

Certain events occurring since 30 June 2018

(H) except as Disclosed, no member of the Wider Charter Court Group having, since 30 June 2018:

- (i) issued or agreed to issue, or authorised or proposed the issue of, additional shares of any class (including, without limitation, Charter Court Shares), or securities or securities convertible into, or exchangeable for, or rights, warrants or options to subscribe for or acquire, any such shares, securities or convertible securities, or transferred or sold or agreed to transfer or sell or authorised or proposed the transfer or sale of Charter Court Shares out of treasury (except, where relevant, as between Charter Court and wholly-owned subsidiaries of Charter Court or between the wholly-owned subsidiaries of Charter Court and except for the issue or transfer out of treasury of Charter Court Shares on the exercise of employee share options or vesting of employee share awards in the ordinary course under the Charter Court Share Plans);
- (ii) recommended, declared, paid or made or resolved to recommend, declare, pay or make any bonus, dividend or other distribution (whether payable in cash or otherwise) other than: (a) dividends (or other distributions whether payable in cash or otherwise) lawfully paid or made by any wholly-owned subsidiary of Charter Court to Charter Court or any of its wholly-owned subsidiaries; and (b) Charter Court Permitted Dividends and Charter Court Equalising Dividends declared, made or paid by Charter Court by reference to a record date which falls prior to the Effective Date;
- (iii) other than pursuant to the Combination (and except for transactions between Charter Court and its wholly-owned subsidiaries or between the wholly-owned subsidiaries of Charter Court and transactions in the ordinary course of business), implemented, effected, authorised or proposed, or announced its intention to implement, effect, authorise or propose, any merger, demerger, reconstruction, amalgamation, sub-division, scheme, commitment or acquisition or disposal of assets or shares or loan capital (or the equivalent thereof) in any undertaking or undertakings in

any such case to an extent which is or could be material in the context of the Wider Charter Court Group taken as a whole or material in the context of the Combination;

- (iv) except for transactions between Charter Court and its wholly-owned subsidiaries or between the wholly-owned subsidiaries of Charter Court, and except for transactions in the ordinary course of business, disposed of, or transferred, mortgaged or charged, or created any security interest over any asset or any right, title or interest in any asset (including shares and trade investments) or authorised, proposed or announced any intention to do so in a manner which is or could be material in the context of the Wider Charter Court Group taken as a whole or material in the context of the Combination;
- (v) except for transactions between Charter Court and its wholly-owned subsidiaries or between the wholly-owned subsidiaries of Charter Court and except for transactions in the ordinary course, issued, authorised or proposed, or announced an intention to authorise or propose, the issue of, or made any change in or to the terms of, any debentures, or become subject to any contingent liability, or incurred or increased any indebtedness which is or could be material in the context of the Wider Charter Court Group taken as a whole or material in the context of the Combination;
- (vi) entered into or varied or authorised, proposed or announced its intention to enter into or vary any contract, arrangement, agreement, transaction or commitment (whether in respect of capital expenditure or otherwise) which is outside of the ordinary course and is of a long-term, unusual or onerous nature or magnitude or which is or which involves an obligation of a nature or magnitude which is or could be restrictive on the businesses of any member of the Wider Charter Court Group or the Wider OSB Group and/or as a whole, and in either case which is or could be material in the context of the Wider Charter Court Group taken as a whole or material in the context of the Combination;
- (vii) entered into or materially varied the terms of, or made any offer (which remains open for acceptance) to enter into or materially vary the terms of, any contract, service agreement, commitment or arrangement with any director or senior executive of Charter Court, other than as agreed by the Panel or agreed with OSB;
- (viii) proposed, agreed to provide or modified the terms of any share option scheme, incentive scheme or other benefit relating to the employment or termination of employment of any employee of the Wider Charter Court Group which are or could be material in the context of the Wider Charter Court Group taken as a whole or material in the context of the Combination, other than salary increases, bonuses or variations of terms in the ordinary course as agreed by the Panel and/or OSB (as applicable);
- (ix) purchased, redeemed or repaid, or announced any proposal to purchase, redeem or repay, any of its own shares or other securities, or reduced or, except in respect of the matters mentioned in paragraph 4(H)(i) above, made any other change to any part of its share capital;
- (x) except in the ordinary course of business, waived, compromised or settled any claim by or against any member of the Wider Charter Court Group which is or could be material in the context of the Wider Charter Court Group as a whole or material in the context of the Combination;
- (xi) terminated or varied the terms of any agreement or arrangement which is of a long term or unusual nature between any member of the Wider Charter Court Group and any other person in a manner which is materially adverse to the Wider Charter Court Group taken as a whole;
- (xii) except in relation to changes made or agreed as a result of or arising from, changes to legislation, made or agreed or consented to or procured any change to, or the custodian or trustee of any scheme having made a change to:
 - (a) the terms of the governing documents of any pension scheme(s) established by any member of the Wider Charter Court Group for its directors, former directors, employees, former employees or their dependants;
 - (b) the contributions payable to any such scheme(s) or to the benefits which accrue, or to the pensions which are payable, thereunder;
 - (c) the basis on which qualification for, or accrual or entitlement to, such benefits or pensions are calculated or determined; or

- (d) the basis upon which the liabilities (including pensions) of such pension schemes are funded, valued, made, agreed or consented to,
- to an extent which, in any such case, is material in the context of the Wider Charter Court Group taken as a whole or material in the context of the Combination;
- (xiii) carried out any act:
- (a) which would or could reasonably be expected to lead to the commencement of the winding up of any pension scheme(s) established by any member of the Wider Charter Court Group for its directors, former directors, employees, former employees or their dependants;
 - (b) which would or might create a material debt owed by an employer to any such plan; or
 - (c) which would or might accelerate any obligation on any employer to fund or pay additional contributions to any such plan;
- (xiv) been unable, or admitted in writing that it is unable, to pay its debts when they fall due or commenced negotiations with one or more of its creditors with a view to rescheduling or restructuring any of its indebtedness, or having stopped or suspended (or threatened to stop or suspend) payment of its debts generally, or ceased or threatened to cease carrying on all or a substantial part of its business;
- (xv) (other than in respect of a member of the Wider Charter Court Group which is dormant and was solvent at the relevant time) taken any steps, corporate action or had any legal proceedings instituted or threatened against it in relation to the suspension of payments, a moratorium of any indebtedness, its winding-up (voluntary or otherwise), dissolution, reorganisation or for the appointment of a receiver, administrator, administrative receiver, trustee or similar officer of all or any of its assets or revenues or any analogous or equivalent steps or proceedings in any jurisdiction or appointed any analogous person in any jurisdiction, or had any such person appointed;
- (xvi) except for transactions between Charter Court and its wholly-owned subsidiaries or between the wholly-owned subsidiaries of Charter Court, made, authorised, proposed or announced an intention to propose any change in its loan capital;
- (xvii) except for transactions between members of the Wider Charter Court Group and transactions entered into in the ordinary course of business, entered into, implemented or authorised the entry into of, any joint venture, asset or profit sharing arrangement, partnership or merger of business or corporate entities;
- (xviii) entered into any contract, transaction or arrangement which would be restrictive on the business of any member of the Wider Charter Court Group other than to a nature and extent which is normal in the context of the business concerned;
- (xix) entered into any agreement, arrangement, commitment or contract or passed any resolution or made any offer (which remains open for acceptance) with respect to, or announced an intention to, or to propose to, effect, any of the transactions, matters or events referred to in this Condition 4(H);

No adverse change, litigation, regulatory enquiry or similar

- (I) except as Disclosed, since 30 June 2018 there having been, in each case to an extent which is or could be material in the context of the Wider Charter Court Group taken as a whole or the Wider OSB Group taken as a whole, or material in the context of the Combination:
- (i) no adverse change or deterioration in, and no circumstance having arisen which would or might reasonably be expected to result in any adverse change in, the business, assets, financial or trading position or profits or prospects or operational performance of any member of the Wider Charter Court Group or any member of the Wider OSB Group;
 - (ii) no litigation, arbitration proceedings, prosecution or other legal proceedings: (a) having been threatened, announced or instituted by, or against, or remaining outstanding against, or in respect of, any member of the Wider Charter Court Group or any member of the Wider OSB Group; or (b) to which any member of the Wider Charter Court Group or any member of the Wider OSB Group is or may become a party (whether as claimant, defendant or otherwise), having been threatened, announced, instituted or remaining outstanding by, against or in respect of, any member of the Wider Charter Court Group or any member of the Wider OSB Group;

- (iii) no enquiry, review or investigation by, or complaint or reference to, any Third Party against or in respect of any member of the Wider Charter Court Group or any member of the Wider OSB Group having been threatened in writing, announced or instituted or remaining outstanding by, against or in respect of any member of the Wider Charter Court Group or any member of the Wider OSB Group;
- (iv) no contingent or other liability having arisen or become apparent to OSB (in respect of the Wider Charter Court Group) or Charter Court (in respect of the Wider OSB Group) which is, or which would be likely to adversely affect the business, assets, financial or trading position or profits or prospects of any member of the Wider Charter Court Group or any member of the Wider OSB Group; and
- (v) no steps having been taken and no omissions having been made which are likely to result in the withdrawal, cancellation, termination or modification of any licence held by any member of the Wider Charter Court Group or any member of the Wider OSB Group which is necessary for the proper carrying on of its business;

No discovery of certain matters

- (J) except as Disclosed, OSB not having discovered, in each case to an extent which is or could be material in the context of the Wider Charter Court Group taken as a whole or material in the context of the Combination:
 - (i) that any financial, business or other information concerning the Wider Charter Court Group publicly disclosed prior to the date of the Firm Offer Announcement by, or on behalf of, any member of the Wider Charter Court Group is misleading, contains a material misrepresentation of any fact, or omits to state a fact necessary to make that information not misleading where the relevant information has not subsequently been corrected prior to the date of the Firm Offer Announcement by disclosure, either publicly or otherwise to OSB;
 - (ii) that any member of the Wider Charter Court Group is subject to any liability, contingent or otherwise, which is not Disclosed in the annual report and accounts of Charter Court for the financial year ended 31 December 2017;
 - (iii) that any past or present member of the Wider Charter Court Group has failed to comply in any material respect with any applicable legislation, regulations or other requirements of any jurisdiction or any Authorisations relating to the use, treatment, storage, carriage, disposal, discharge, spillage, release, leak or emission of any waste or hazardous substance or any substance likely to impair the environment (including property) or harm human health, or otherwise relating to environmental matters or the health and safety of humans, which non-compliance would be likely to give rise to any liability, including any penalty for non-compliance (whether actual or contingent) on the part of any member of the Wider Charter Court Group;
 - (iv) that there is, or is reasonably likely to be, any obligation or liability (whether actual or contingent) or requirement to make good, remediate, repair, reinstate or clean up any property, asset or any controlled waters currently or previously owned, occupied, operated or made use of or controlled by any past or present member of the Wider Charter Court Group (or on its behalf), or in which any such member may have or previously have had or be deemed to have had an interest, under any environmental legislation, common law, regulation, notice, circular, Authorisation or order of any Third Party or any other person or body in any jurisdiction or to contribute to the cost thereof or associated therewith or indemnify any person in relation thereto;
 - (v) that circumstances exist (whether as a result of the Combination or otherwise) which would be reasonably likely to lead to any Third Party instituting, or whereby any past or present member of the Wider Charter Court Group would be likely to be required to institute, an environmental audit or take any other steps which would in any such case be reasonably likely to result in any liability (whether actual or contingent) to improve or modify existing, or install new, plant, machinery or equipment, or carry out changes in the processes currently carried out, or make good, remediate, repair, re-instate or clean up any land or other asset currently or previously owned, occupied or made use of by any past or present member of the Wider Charter Court Group (or on its behalf) or by any person for which a member of the Wider Charter Court

Group is or has been responsible, or in which any such member may have or previously have had or be deemed to have had an interest which is material in the context of the Wider Charter Court Group as a whole; or

- (vi) any information which affects the import of any information Disclosed at any time by or on behalf of any member of the Wider Charter Court Group;

Anti-corruption

(K) except as Disclosed, OSB not having discovered, in each case to an extent which is or could be material in the context of the Wider Charter Court Group taken as a whole or material in the context of the Combination:

- (i) that any past or present member, director, officer or employee of the Wider Charter Court Group or any person that performs or has performed services for or on behalf of any such member, director, officer or employee is or has engaged in any activity, practice or conduct which would constitute an offence under the Bribery Act 2010 or any other applicable anti-corruption legislation; or
- (ii) that any past or present member, director, officer or employee of the Charter Court Group, or any other person for whom any such person may be liable or responsible, has engaged in any business with, made any investments in, made any funds or assets available to, or received any funds or assets from: (a) any government, entity or individual in respect of which US or European Union persons, or persons operating in those territories, are prohibited from engaging in activities or doing business, or from receiving or making available funds or economic resources, by US or European Union laws or regulations, including the economic sanctions administered by the United States Office of Foreign Assets Control, or HM Treasury & Customs; or (b) any government, entity or individual targeted or covered by any of the economic sanctions administered or imposed by the United Nations, the United States (including, without limitation, the United States Office of Foreign Assets Control), the United Kingdom, the European Union (or any of its respective member states) or any other governments or supranational body or authority in any jurisdiction, save that this shall not apply if and to the extent that it is or would be unenforceable by reason of breach of any applicable Blocking Law; or
- (iii) that a member of the Charter Court Group has engaged in any transaction which would cause OSB to be in breach of any law or regulation upon OSB's (direct or indirect) acquisition of Charter Court, including the economic sanctions administered by the United States Office of Foreign Assets Control, or HM Treasury & Customs, or any government, entity or individual targeted by any of the economic sanctions of the United Nations, the United States, the European Union (or any of its respective member states) or any other governments or supranational body or authority in any jurisdiction, save that this shall not apply if and to the extent that it is or would be unenforceable by reason of breach of any applicable Blocking Law; and

No criminal property

(L) except as Disclosed, OSB not having discovered, in each case to an extent which is or could be material in the context of the Wider Charter Court Group taken as a whole or material in the context of the Combination, any asset of any member of the Wider Charter Court Group that constitutes criminal property as defined by section 340(3) of the Proceeds of Crime Act 2002 (but disregarding paragraph (b) of that definition).

Part B: Certain further terms of the Combination

1. Subject to the requirements of the Panel, OSB reserves the right to waive:

- (A) Condition 2(A) and Condition 2(B) in Part A of this Part III for the timing of the Court Meeting and the Charter Court General Meeting. If any such deadline is not met, OSB will make an announcement by 8.00 a.m. on the Business Day following such deadline confirming whether it has invoked or waived the relevant Condition or agreed with Charter Court to extend the deadline in relation to the relevant Condition. In all other respects, Condition 2 in Part A of this Part III cannot be waived; and

- (B) in whole or in part, all or any of (so far as they relate to Charter Court, the Wider Charter Court Group or any part thereof) Conditions 4(C) to 4(L) (inclusive) in Part A of this Part III.
2. Subject to the requirements of the Panel, Charter Court reserves the right to waive, in whole or in part, all or any of (so far as they relate to OSB, the Wider OSB Group or any part thereof) Condition 4(I) in Part A of this Part III.
 3. Conditions 1, 3, 4(A) and 4(B) in Part A of this Part III cannot be waived. Conditions 1, 3, 4(A) and 4(B) in Part A of this Part III must be fulfilled by, and Conditions 4(C) to 4(L) (inclusive) in Part A of this Part III must be fulfilled or waived by, no later than 11.59 p.m. on the date immediately preceding the Court Sanction Hearing.
 4. Save where OSB has confirmed the satisfaction or waiver of all Conditions (other than Condition 2 in Part A of this Part III) pursuant to the terms of the Co-operation Agreement, OSB will be under no obligation to waive (if capable of waiver), to determine to be or remain satisfied, or to treat as satisfied or fulfilled any of the Conditions capable of waiver by a date earlier than the latest date specified for the fulfilment of that Condition, notwithstanding that the other Conditions of the Combination may, at such earlier date, have been waived or fulfilled and that there are, at such earlier date, no circumstances indicating that any of such Conditions may not be capable of fulfilment.
 5. If OSB is required by the Panel to make an offer for Charter Court Shares under the provisions of Rule 9 of the City Code, OSB may make such alterations to any of the above Conditions and terms of the Combination as are necessary to comply with the provisions of that Rule.
 6. The Combination will lapse if the Combination or any matter arising from or relating to the Scheme or Combination becomes subject to a CMA Phase 2 Reference before the date of the Court Meeting.
 7. The Charter Court Shares acquired under the Combination will be acquired fully paid and free from all liens, equities, charges, encumbrances, options, rights of pre-emption and any other third party rights and interests of any nature and together with all rights now or hereafter attaching or accruing to them, including, without limitation, voting rights and the right to receive and retain in full all dividends and other distributions (if any) announced, declared, made or paid, or any other return of capital (whether by reduction of share capital or share premium account or otherwise) made, in each case, by reference to a record date falling on or after the Effective Date.
 8. If, on or after the date of the Firm Offer Announcement but prior to the Effective Date, any dividend and/or other form of capital return or distribution is announced, declared, made or paid or becomes payable:
 - (A) by Charter Court, OSB has agreed that Charter Court Shareholders will be entitled to receive any Charter Court Permitted Dividends and Charter Court Equalising Dividends without any consequential reduction in the Consideration payable. If any dividend and/or other form of capital return or distribution is announced, declared, made or paid in respect of Charter Court Shares on or after the date of the Firm Offer Announcement and with a record date falling prior to the Effective Date, other than a Charter Court Permitted Dividend or Charter Court Equalising Dividend, or in excess of a Charter Court Permitted Dividend or a Charter Court Equalising Dividend, OSB reserves the right (without prejudice to any right OSB may have, with the consent of the Panel, to invoke Condition 4(H)(ii) in Part A of this Part III) to (at OSB's sole discretion): (i) reduce the Consideration by an amount equivalent to all or any part of such excess, in the case of Charter Court Permitted Dividends or Charter Court Equalising Dividends, or otherwise by the amount of all or part of any such dividend and/or other form of capital return or distribution, in which case any reference in this document (or, in the event that the Combination is to be implemented by means of an Offer, the Offer Document) to the Consideration will be deemed to be a reference to the Consideration as so reduced; and/or (ii) declare and pay an equalising dividend to OSB Shareholders so as to reflect the value attributable to all or any part of such excess, in the case of Charter Court Permitted Dividends or Charter Court Equalising Dividends, or otherwise by the amount of all or part of any such dividend and/or other form of capital return or distribution. To the extent that any such dividend, distribution, or other return of value is announced, declared, made or paid or is payable and is either: (i) transferred pursuant to the Combination on a basis which entitles OSB to receive the dividend or distribution and to retain it; or (ii) cancelled, the Consideration will not be subject to change in accordance with this paragraph. Any exercise by OSB of its rights referred to in this paragraph shall be the subject of an announcement and, for the avoidance of doubt, shall not be regarded as constituting any revision or variation of the Combination; and/or
 - (B) by OSB, Charter Court has agreed that OSB Shareholders will be entitled to receive any OSB Permitted Dividends and OSB Equalising Dividends. If any dividend and/or other form of capital

return or distribution is announced, declared, made or paid in respect of OSB Shares on or after the date of the Firm Offer Announcement and with a record date falling prior to the Effective Date, other than an OSB Permitted Dividend or an OSB Equalising Dividend, or in excess of an OSB Permitted Dividend or an OSB Equalising Dividend, Charter Court shall be entitled to declare and pay an equalising dividend to Charter Court Shareholders so as to reflect the value attributable to all or any part of such excess, in the case of OSB Permitted Dividends or OSB Equalising Dividends, or otherwise by the amount of all or part of any such dividend and/or other form of capital return or distribution, without any consequential change to the Consideration.

9. OSB reserves the right to elect (with the consent of the Panel, and subject to the approval of Charter Court or as otherwise permitted under the terms of the Co-operation Agreement) to implement the acquisition of the Charter Court Shares by way of an Offer as an alternative to the Scheme. In such event, such Offer will be implemented on the same terms, so far as applicable, and subject to the terms of the Co-operation Agreement, as those which would apply to the Scheme, subject to appropriate amendments to reflect the change in method of effecting the Combination, including (without limitation and subject to the consent of the Panel) an acceptance condition that is set at 75 per cent. (or such lesser percentage, as OSB may, in accordance with the provisions of the Co-operation Agreement, decide): (i) in nominal value of the shares to which such offer relates; and (ii) of the voting rights attached to those shares, and that is subject to OSB and/or (with the consent of the Panel) any members of the OSB Group having acquired or agreed to acquire, whether pursuant to the offer or otherwise, shares carrying more than 50 per cent. of the voting rights normally exercisable at a general meeting of Charter Court, including, for this purpose, any such voting rights attaching to Charter Court Shares that are unconditionally allotted or issued before the Offer becomes or is declared unconditional as to acceptances, whether pursuant to the exercise of any outstanding subscription or conversion rights or otherwise.
10. The availability of the Combination to persons not resident in the United Kingdom or the United States may be affected by the laws of the relevant jurisdictions. Persons who are not resident in the United Kingdom or the United States should inform themselves about and observe any applicable requirements. The New OSB Shares to be issued pursuant to the Combination have not been, and unless OSB otherwise elects in the event of an Offer will not be, registered under the US Securities Act or any laws of any state, district or other jurisdiction of the United States, under any of the relevant securities laws of any other Restricted Jurisdiction. Accordingly, the New OSB Shares may not be offered, sold or delivered, directly or indirectly, in the United States, or any other Restricted Jurisdiction, except pursuant to exemptions from applicable requirements of any such jurisdiction, including the exemption from the registration requirements of the US Securities Act provided by Section 3(a)(10) thereof.
11. The Combination is not being made, directly or indirectly, in, into or from, or by use of the mails of, or by any means of instrumentality (including, but not limited to, facsimile, e-mail or other electronic transmission, telex or telephone) of interstate or foreign commerce of, or of any facility of a national, state or other securities exchange of, any Restricted Jurisdiction where to do so would violate the laws of that jurisdiction.
12. This document and any rights or liabilities arising hereunder, the Combination and the Scheme and any proxies will be governed by English law and will be subject to the jurisdiction of the Court and to the Conditions and further terms set out in this document. The Co-operation Agreement and any dispute or claim arising out of, or in connection with, (whether contractual or non-contractual in nature) is governed by English law (save to the extent expressly set out therein) and is subject to the jurisdiction of the courts of England and Wales. The Combination will be subject to the applicable requirements of English law, the City Code, the Panel, the Listing Rules, the London Stock Exchange and the Financial Conduct Authority.
13. The New OSB Shares will be issued credited as fully paid and will rank *pari passu* in all aspects with the OSB Shares in issue at that time, including the right to receive and retain in full all dividends and other distributions (if any) announced, declared, made or paid, or any other return of capital (whether by reduction of share capital or share premium account or otherwise) made, in each case by reference to a record date falling on or after the Effective Date.
14. Each of the Conditions will be regarded as a separate Condition and will not be limited by reference to any other Condition.

The Combination is subject to the full terms and conditions which are set out in this Part III and such further terms as may be required to comply with the Listing Rules and the provisions of the City Code.

**PART IV
FINANCIAL AND RATINGS INFORMATION**

Part A: Financial information relating to Charter Court

The following sets out financial information in respect of Charter Court as required by Rule 24.3 of the City Code. The documents referred to below, the contents of which have previously been announced through a Regulatory Information Service, are incorporated into this document by reference pursuant to Rule 24.15 of the City Code. If you are reading this document in hard copy, please enter the web addresses below in your web browser to be brought to the relevant document. If you are reading this document in soft copy, please click on the web addresses below to be brought to the relevant document.

<u>Financial information</u>	<u>Reference</u>
Trading update for the first quarter of 2019	https://www.chartercourtfjs.co.uk/InvestorRelations/RegulatoryNews
Audited consolidated accounts for the last two financial years	https://s3-eu-west-1.amazonaws.com/images.chartercourtfjs.co.uk/02142_CCFS_Annual_Report_2018.pdf The audited consolidated accounts of the Charter Court Group for the financial year ended 31 December 2018 are set out on pages 108 to 163 (both inclusive) in Charter Court’s annual report for the financial year ended on 31 December 2018, available from Charter Court’s website (at the link referred to above). https://s3-eu-west-1.amazonaws.com/images.chartercourtfjs.co.uk/01920_CCFS_Annual_Report_2017.pdf The audited consolidated accounts of the Charter Court Group for the financial year ended 31 December 2017 are set out on pages 90 to 151 (both inclusive) in Charter Court’s annual report for the financial year ended on 31 December 2017, available from Charter Court’s website (at the link referred to above).

The information is available in “read-only” format and can be printed from the web addresses detailed above.

Please see page 8 of this document for details of obtaining hard copies of documents incorporated by reference into this document.

Part B: Charter Court credit ratings information

Charter Court Financial Services Limited has been given a Level 2 Servicer Rating by Fitch Ratings Limited for its primary servicer residential mortgage loans (RPS2) and special servicer residential mortgage loans (RSS2). As at the Latest Practicable Date, there are no other current ratings or outlooks publicly accorded to Charter Court by ratings agencies and there have been no changes to the Servicer Rating of Charter Court Financial Services Limited since the Offer Period began.

Part C: Financial information relating to the OSB Group

The following sets out financial information in respect of OSB as required by Rule 24.3 of the City Code. The documents referred to below, the contents of which have previously been announced through a Regulatory Information Service, are incorporated into this document by reference pursuant to Rule 24.15 of the City Code. If you are reading this document in hard copy, please enter the web addresses below in your web browser to be brought to the relevant document. If you are reading this document in soft copy, please click on the web addresses below to be brought to the relevant document.

<u>Financial information</u>	<u>Reference</u>
Trading update for the first quarter of 2019	http://www.osb.co.uk/investors/results-reports-presentations/
Audited consolidated accounts for the last two financial years	http://www.osb.co.uk/media/1674/osb-2018-annual-report.pdf The audited consolidated accounts of the OSB Group for the financial year ended 31 December 2018 are set out on pages 110 to 183 (both inclusive) in OSB’s annual report for the financial year ended on 31 December 2018, available from OSB’s website (at the link referred to above). http://2017ar.osb.co.uk/ The audited consolidated accounts of the OSB Group for the financial year ended 31 December 2017 are set out on pages 99 to 177 (both inclusive) in OSB’s annual report for the financial year ended on 31 December 2017, available from OSB’s website (at the link referred to above).

The information is available in “read-only” format and can be printed from the web addresses detailed above.

Please see page 8 of this document for details of obtaining hard copies of documents incorporated by reference into this document.

Part D: OSB credit ratings information

As at the Latest Practicable Date, there are no ratings or outlooks publicly accorded to OSB by ratings agencies.

Part E: No incorporation of website information

Save as expressly referred to herein, neither the content of Charter Court’s or OSB’s websites nor the content of any website accessible from hyperlinks on Charter Court’s or OSB’s websites, is incorporated into, or forms part of, this document.

PART V
ADDITIONAL INFORMATION

1 Responsibility statements

- (i) The Charter Court Directors, whose names are set out in paragraph 2(i) of this Part V below, accept responsibility for the information contained in this document other than the information for which responsibility is taken by others pursuant to paragraph 1(ii) of this Part V below. To the best of the knowledge and belief of the Charter Court Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this document for which they are responsible is in accordance with the facts and does not omit anything likely to affect the import of such information.
- (ii) The OSB Directors, whose names are set out in paragraph 2(ii) of this Part V below, accept responsibility for the information contained in this document relating to the OSB Group, the OSB Directors and their respective close relatives and the related trusts, and persons deemed to be acting in concert with OSB (as such term is defined in the City Code), including, but not limited to, OSB's background to and reasons for the Combination, financial effects of the Combination, OSB's intentions and strategic plans for the Combined Group, OSB's current trading and prospects, the Combined Group's dividend policy, OSB's estimated fees and expenses and the OSB Quantified Financial Benefits Statement. To the best of the knowledge and belief of the OSB Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this document for which they take responsibility is in accordance with the facts and does not omit anything likely to affect the import of such information.

2 The Charter Court Directors and the OSB Directors

- (i) The Charter Court Directors and their respective functions are:

<u>Name</u>	<u>Position held</u>
Sir Malcolm Williamson	Chairman
Ian Lonergan	Chief Executive Officer
Sebastien Maloney	Chief Financial Officer
Peter Elcock	Chief Risk Officer
Tim Brooke	Non-Executive Director
Noël Harwerth	Senior Independent Director
Philip Jenks	Non-Executive Director
Rajan Kapoor	Non-Executive Director
Ian Ward	Non-Executive Director

Charter Court's registered office is at 2 Charter Court, Broadlands, Wolverhampton, West Midlands WV10 6TD, United Kingdom and its telephone number is +44 (0) 19 0262 5905.

- (ii) The OSB Directors and their respective functions are:

<u>Name</u>	<u>Position held</u>
David Weymouth	Chairman
Andy Golding	Chief Executive Officer
April Talintyre	Chief Financial Officer
Graham Allatt	Non-Executive Director
Eric Anstee	Non-Executive Director
Rod Duke	Senior Independent Director
Margaret Hassall	Non-Executive Director
Sarah Hedger	Non-Executive Director
Mary McNamara	Non-Executive Director

OSB's registered office is at Reliance House, Sun Pier, Chatham ME4 4ET, United Kingdom and its telephone number is +44 (0) 16 3483 8973.

3 Persons acting in concert

- (i) In addition to Charter Court Group companies and the Charter Court Directors and their close relatives, for the purposes of the City Code, the following persons and persons affiliated with them are deemed to be acting in concert with Charter Court in respect of the Combination:

<u>Name</u>	<u>Type of company</u>	<u>Registered office</u>	<u>Relationship with Charter Court</u>
Credit Suisse	Financial Services	One Cabot Square London E14 4QJ	Financial Adviser
RBC Capital Markets	Financial Services	Thames Court Office London EC4V 3DQ	Financial Adviser and Corporate Broker

- (ii) In addition to OSB Group companies and the OSB Directors and their close relatives, for the purposes of the City Code, the following persons and persons affiliated with them are deemed to be acting in concert with OSB in respect of the Combination:

<u>Name</u>	<u>Type of company</u>	<u>Registered office</u>	<u>Relationship with OSB</u>
Barclays	Financial Services	1 Churchill Place London E14 5HP	Financial Adviser and Corporate Broker
Rothschild & Co.	Financial Services	St Swithin's Lane New Court London EC4N 8AL	Financial Adviser and Sponsor

4 Irrevocable undertakings

- (i) The following Charter Court Directors, being the Charter Court Directors who have beneficial holdings of Charter Court Shares, have irrevocably undertaken: (i) to vote in favour of the Scheme at the Court Meeting and the Special Resolution at the Charter Court General Meeting; and (ii) if the Combination is subsequently structured as an Offer, to accept any Offer, in respect of their entire beneficial holdings, totalling 3,512,123 Charter Court Shares in aggregate representing approximately 1.47 per cent. of Charter Court's issued share capital as at the Latest Practicable Date.

<u>Name of Charter Court Director</u>	<u>Number of Charter Court Shares</u>	<u>Percentage of existing issued share capital⁽¹⁾</u>
Sir Malcolm Williamson	86,956	0.04
Ian Lonergan	2,506,712	1.05
Sebastien Maloney	763,221	0.32
Peter Elcock	90,018	0.04
Philip Jenks	10,869	0.00
Rajan Kapoor	10,869	0.00
Ian Ward	43,478	0.02
Total	3,512,123	1.47

Note:

(1) Percentage calculated based on Charter Court's issued ordinary share capital on the Latest Practicable Date.

- (ii) The obligations of the Charter Court Directors under the irrevocable undertakings shall lapse and cease to have effect on and from the earliest of the following occurrences:
- (a) if OSB announces that it does not intend to proceed with the Combination and no new, revised or replacement Scheme or Offer is announced by OSB at the same time, which has been recommended by Charter Court;

- (b) if any competing offer for Charter Court is made which is declared wholly unconditional (if implemented by way of a takeover offer) or otherwise becomes effective (if implemented by way of a scheme of arrangement);
 - (c) if the Co-operation Agreement is terminated in accordance with its terms; or
 - (d) on the earlier of: (a) the Longstop Date; and (b) the date on which the Scheme (or Offer, as applicable) is withdrawn or lapses in accordance with its terms, provided this shall not apply where the Scheme (or Offer, as applicable) is withdrawn or lapses as a result of the exercise of OSB's right to effect a Switch in accordance with the terms of the Co-operation Agreement.
- (iii) Elliott has undertaken to vote in favour of the Scheme at the Court Meeting and the Special Resolution at the Charter Court General Meeting in respect of a total of 75,711,346 Charter Court Shares in aggregate representing approximately 31.64 per cent. of Charter Court's issued share capital as at the Latest Practicable Date.

Under the terms of its irrevocable undertaking, Elliott has unconditionally undertaken to take (and to procure that all persons that are required to give notice under section 178 of FSMA in connection with the Combination by virtue of, or as a result of, any decision by Elliott to acquire or increase its interest in the New OSB Shares take) all reasonable steps to satisfy the Change in Control Condition in respect of its and any member of its group's proposed interest in the New OSB Shares as contemplated by the Combination. OSB has agreed not to waive the Change in Control Condition in respect of Elliott (if such Condition is applicable to Elliott) until the Change in Control Condition has been satisfied in respect of Elliott.

The obligations of Elliott under its irrevocable undertaking shall lapse and cease to have effect on and from the earliest of the following occurrences:

- (a) if OSB announces that it does not intend to proceed with the Combination and no new, revised or replacement Scheme or Offer is announced by OSB at the same time;
 - (b) on 31 August 2019;
 - (c) on the date on which the Scheme (or Offer, as applicable) lapses or is withdrawn in accordance with its terms, provided that this shall not apply if the Scheme or Offer lapses or is withdrawn as a result of OSB's right to Switch in accordance with the terms of the Co-operation Agreement or as a result of OSB exercising its right to implement the Combination by way of an Offer;
 - (d) if a third party announces a firm intention to make an offer for Charter Court which represents a premium of 5 per cent. or more to the value of the Combination based on the Closing Price per ordinary share in the capital of OSB;
 - (e) if any appropriate regulator refuses to approve any application in respect of the Change in Control Condition submitted by Elliott in connection with the Combination; or
 - (f) if OSB announces that it is no longer intended that Andy Golding will remain as Chief Executive Officer of OSB.
- (iv) In addition, OSB has received a letter of intent from Merian to vote in favour of the Scheme at the Court Meeting and the Special Resolution at the Charter Court General Meeting in respect of a total of 34,834,451 Charter Court Shares representing approximately 14.56 per cent. of Charter Court's issued share capital as at the Latest Practicable Date.
- (v) The following OSB Directors, being the OSB Directors who have beneficial holdings of OSB Shares, have irrevocably undertaken to vote in favour of the OSB Resolutions at the OSB General Meeting in respect of their entire beneficial holdings, totalling 1,203,775 OSB Shares in aggregate representing approximately 0.49 per cent. of OSB's issued share capital as at the Latest Practicable Date.

The numbers of OSB Shares set out in the table below reflect an increase in the number of OSB Shares subject to the irrevocable undertakings announced on 14 March 2019 following the dealings in OSB Shares set out in paragraph 5 of this Part V below.

Name of OSB Director	Number of OSB Shares	Percentage of existing issued share capital ⁽¹⁾
David Weymouth	13,178	0.0054
Andy Golding	762,941	0.31
April Talintyre	320,346	0.13
Rod Duke	80,000	0.033
Mary McNamara	22,350	0.0091
Eric Anstee	4,960	0.0020
Total	1,203,775	0.49

Note:

(1) Percentage calculated based on OSB's issued ordinary share capital on the Latest Practicable Date.

- (vi) The obligations of the OSB Directors under their irrevocable undertakings shall lapse and cease to have effect on and from the earliest of the following occurrences:
- (a) if OSB announces that it does not intend to proceed with the Combination and no new, revised or replacement Scheme or Offer is announced by OSB at the same time, which has been recommended by Charter Court;
 - (b) if any competing offer for Charter Court is made which is declared wholly unconditional (if implemented by way of a takeover offer) or otherwise becomes effective (if implemented by way of a scheme of arrangement);
 - (c) if the Co-operation Agreement is terminated in accordance with its terms; or
 - (d) on the earlier of: (a) the Longstop Date; and (b) the date on which the Scheme (or Offer, as applicable) is withdrawn or lapses in accordance with its terms, provided this shall not apply where the Scheme (or Offer, as applicable) is withdrawn or lapses as a result of the exercise of OSB's right to effect a Switch in accordance with the terms of the Co-operation Agreement.
- (vii) Charter Court has received a letter of intent from Merian to vote in favour of the OSB Resolutions at the OSB General Meeting in respect of a total of 28,755,206 OSB Shares representing approximately 11.73 per cent. of OSB's issued share capital as at the Latest Practicable Date.

5 Interests and dealings

(i) Definitions

For the purposes of this paragraph 5 of this Part V:

“acting in concert” with OSB or Charter Court, as the case may be, means any such person acting or deemed to be acting in concert with OSB or Charter Court, as the case may be, for the purposes of the City Code;

“a person has an interest” or is **“interested”** in relevant securities has the meaning given to it in the City Code;

“Charter Court relevant securities” means relevant securities (such term having the meaning given to it in the City Code in relation to the offeree) of Charter Court, including Charter Court Shares, securities of Charter Court carrying voting rights, equity share capital of Charter Court and securities of Charter Court carrying conversion or subscription rights into Charter Court Shares (or other such securities described in this definition) and securities convertible into, rights to subscribe or options (including traded options) in respect of and derivatives referenced to any of the foregoing;

“dealing” or **“dealt”** includes:

- (a) acquiring or disposing of relevant securities, of the right (whether conditional or absolute) to exercise or direct the exercise of the voting rights attaching to relevant securities, or of general control of relevant securities;

- (b) taking, granting, acquiring, disposing of, entering into, closing out, terminating, exercising (by either party) or varying an option (including a traded option contract) in respect of any relevant securities;
- (c) subscribing or agreeing to subscribe for relevant securities;
- (d) exercising or converting, whether in respect of new or existing securities, any relevant securities carrying conversion or subscription rights;
- (e) acquiring, disposing of, entering into, closing out, exercising (by either party) any rights under, or varying, a derivative referenced, directly or indirectly, to relevant securities;
- (f) entering into, terminating or varying the terms of any agreement to purchase or sell relevant securities;
- (g) the redemption or purchase of, or taking or exercising an option over, any of its own relevant securities by OSB or Charter Court; and
- (h) any other action resulting, or which may result, in an increase or decrease in the number of relevant securities in which a person is interested or in respect of which he has a short position;

“**Dealing Arrangement**” means an arrangement of the kind referred to in Note 11(a) on the definition of acting in concert in the City Code;

“**derivative**” means any financial product whose value, in whole or in part, is determined, directly or indirectly, by reference to the price of an underlying security;

“**Disclosure Date**” means the close of business on the Latest Practicable Date;

“**Disclosure Period**” means the period commencing on 9 March 2018 (being the date 12 months prior to the commencement of the Offer Period) and ending on the Disclosure Date;

“**Financial Collateral Arrangement**” means an arrangement of the kind referred to in Note 4 on Rule 4.6 of the City Code;

“**OSB relevant securities**” means relevant securities (such term having the meaning given to it in the City Code in relation to the offeror) of OSB, including OSB Shares, securities of OSB carrying voting rights, equity share capital of OSB and securities of OSB carrying conversion or subscription rights into OSB shares (or other such securities described in this definition) and securities convertible into, rights to subscribe or options (including traded options) in respect of and derivatives referenced to any of the foregoing; and

“**short position**” means any short position (whether conditional or absolute and whether in the money or otherwise) including any short position under a derivative, any agreement to sell or any delivery obligation or right to require another person to purchase or take delivery.

(ii) **Interests in Charter Court relevant securities**

As at the close of business on the Disclosure Date:

Charter Court

- (a) The following Charter Court Directors and their respective related parties had an interest in, a right to subscribe in or a short position in certain Charter Court relevant securities. The nature of the interests or rights concerned and number of Charter Court relevant securities to which these apply are listed below:

<u>Name of Director</u>	<u>Nature of interest or rights concerned</u>	<u>Number of Charter Court Shares</u>
Sir Malcolm Williamson	Shares	86,956
Ian Lonergan	Shares	2,506,712
Sebastien Maloney ⁽¹⁾	Shares	2,229,543
Peter Elcock	Shares	90,018
Philip Jenks	Shares	10,869
Rajan Kapoor	Shares	10,869
Ian Ward	Shares	43,478

Notes:

(1) Includes 1,466,322 shares held by Ana Carina Maloney, being the wife of Sebastien Maloney

- (b) The following Charter Court Directors and their respective related parties had the following outstanding options and awards over Charter Court Shares under the Charter Court Share Plans:

<u>Name of Director</u>	<u>Scheme</u>	<u>Date of grant</u>	<u>Number of Charter Court Shares under option</u>	<u>Exercise period/Vesting Date</u>	<u>Exercise price</u>
Ian Lonergan	Performance Share Plan	4 October 2017	323,369	March 2020	nil
	Performance Share Plan	26 March 2018	248,745	March 2021	nil
	Performance Share Plan	20 March 2019	230,315	March 2022	nil
	Deferred Bonus Plan	20 March 2019	113,753	33% in March 2020, 33% in March 2021 and remainder in March 2022	nil
	Sharesave Scheme	26 October 2017	9,625	October 2020	187 pence
Sebastien Maloney	Performance Share Plan	4 October 2017	228,260	March 2020	nil
	Performance Share Plan	26 March 2018	175,585	March 2021	nil
	Performance Share Plan	20 March 2019	162,575	March 2022	nil
	Deferred Bonus Plan	20 March 2019	80,296	33% in March 2020, 33% in March 2021 and remainder in March 2022	nil
	Sharesave Scheme	26 October 2017	9,625	October 2020	187 pence
Peter Elcock	Performance Share Plan	4 October 2017	145,652	March 2020	nil
	Performance Share Plan	26 March 2018	112,040	March 2021	nil
	Performance Share Plan	20 March 2019	103,738	March 2022	nil
	Deferred Bonus Plan	20 March 2019	51,236	33% in March 2020, 33% in March 2021 and remainder in March 2022	nil
	Sharesave Scheme	26 October 2017	9,625	October 2020	187 pence

OSB

- (c) None of the OSB Directors and their respective related parties had an interest in, a right to subscribe in or a short position in any Charter Court relevant securities.
- (d) None of the persons acting in concert with OSB had an interest in, a right to subscribe in or a short position in any Charter Court relevant securities.

(iii) **Interests in OSB relevant securities**

As at the close of business on the Disclosure Date:

OSB

- (a) The following OSB Directors and their respective related parties had an interest in, a right to subscribe in or a short position in certain OSB relevant securities. The nature of the interests or rights concerned and number of OSB relevant securities to which these apply are listed below:

<u>Director</u>	<u>Nature of interest or rights concerned</u>	<u>Number of OSB Shares</u>
David Weymouth	Shares	13,178
Andy Golding	Shares	762,941
April Talintyre	Shares	320,346
Eric Anstee	Shares	4,960
Rod Duke	Shares	80,000
Mary McNamara	Shares	22,350

- (b) The following OSB Directors and their respective related parties had the following outstanding options and awards over OSB Shares under the OSB share plans:

<u>Name of OSB Director</u>	<u>Date of grant</u>	<u>Plan</u>	<u>Number of OSB Shares</u>	<u>Total exercise price (if any)</u>	<u>End of performance Period/Vesting Date</u>
Andy Golding	16 March 2017	DSBP	48,998	Nil	16 March 2020
Andy Golding	15 March 2018	DSBP	50,108	Nil	15 March 2021
Andy Golding	14 March 2019	DSBP	89,031	Nil	14 March 2022
Andy Golding	16 March 2017	PSP	143,544	Nil	16 March 2020
Andy Golding	24 May 2018	PSP	180,439	Nil	24 May 2021
Andy Golding	14 March 2019	PSP	199,959	Nil	14 March 2022
April Talintyre	16 March 2017	DSBP	33,184	Nil	16 March 2020
April Talintyre	15 March 2018	DSBP	33,208	Nil	15 March 2021
April Talintyre	14 March 2019	DSBP	59,383	Nil	14 March 2022
April Talintyre	16 March 2017	PSP	76,066	Nil	16 March 2020
April Talintyre	24 May 2018	PSP	121,005	Nil	24 May 2021
April Talintyre	14 March 2019	PSP	134,703	Nil	14 March 2022

Charter Court

- (c) None of the Charter Court Directors and their respective related parties had an interest in, a right to subscribe in or a short position in any OSB relevant securities.
- (d) None of the persons acting in concert with Charter Court had an interest in, a right to subscribe in or a short position in any OSB relevant securities.

(iv) Dealings

As at the close of business on the Disclosure Date:

- (a) Charter Court, the following Charter Court Directors, persons acting in concert with Charter Court and persons with whom Charter Court or any person acting in concert with Charter Court has an arrangement have dealt in the following Charter Court Shares since the start of the Offer Period, as listed below:

<u>Name of Director</u>	<u>Date of dealing</u>	<u>Nature of dealing</u>	<u>Number of Charter Court Shares</u>	<u>Price (£)</u>
Ian Lonergan	20 March 2019	Award of options under the Performance Share Plan	230,315	Nil
Ian Lonergan	20 March 2019	Award of options under the Deferred Bonus Plan	113,753	Nil
Sebastien Maloney	20 March 2019	Award of options under the Performance Share Plan	162,575	Nil
Sebastien Maloney	20 March 2019	Award of options under the Deferred Bonus Plan	80,296	Nil
Peter Elcock	20 March 2019	Award of options under the Performance Share Plan	103,738	Nil
Peter Elcock	20 March 2019	Award of options under the Deferred Bonus Plan	51,236	Nil

- (b) OSB, the following OSB Directors, persons acting in concert with OSB and persons with whom OSB or any person acting in concert with OSB have an arrangement have dealt in the following OSB Shares during the Disclosure Period, as listed below:

<u>Name of Director</u>	<u>Date of dealing</u>	<u>Nature of dealing</u>	<u>Number of OSB Shares</u>	<u>Price (£)</u>
Andy Golding.....	14 March 2019	Award of options under the PSP	199,959	Nil
Andy Golding.....	14 March 2019	Award of options under the DSB	89,031	Nil
April Talintyre.....	14 March 2019	Award of options under the PSP	134,703	Nil
April Talintyre.....	14 March 2019	Award of options under the DSB	59,383	Nil
Andy Golding.....	18 March 2019	Disposal of shares sufficient to fund tax	73,871	3.9652
April Talintyre.....	18 March 2019	Disposal of shares sufficient to fund tax	51,341	3.9652

(v) **Interests and dealings – General**

Save as disclosed in this paragraph 5 of this Part V, as at the Disclosure Date:

- (a) none of:

- Charter Court;
- the Charter Court Directors or their respective related parties; or
- any person acting in concert with Charter Court,

had an interest in, a right to subscribe in respect of, or any short position in relation to OSB relevant securities and none of:

- the Charter Court Directors or their respective related parties; or

- any person acting in concert with Charter Court,

had an interest in, a right to subscribe in respect of, or any short position in relation to Charter Court relevant securities or OSB relevant securities, nor had any of the foregoing dealt in any Charter Court relevant securities or OSB relevant securities since the start of the Offer Period;

(b) none of:

- OSB;
- the OSB Directors or their respective related parties; or
- any person acting in concert with OSB,

had an interest in, a right to subscribe in respect of, or any short position in relation to Charter Court relevant securities or OSB relevant securities, nor had any of the foregoing dealt in any Charter Court relevant securities or OSB relevant securities during the Disclosure Period;

- (c) save for the irrevocable undertakings described in paragraph 4 of this Part V, neither Charter Court nor any person acting in concert with Charter Court has any Dealing Arrangement;
- (d) save for the irrevocable undertakings described in paragraph 4 of this Part V, neither OSB nor any person acting in concert with OSB has any Dealing Arrangement;
- (e) none of Charter Court or any person acting in concert with Charter Court has borrowed or lent any Charter Court relevant securities (including for these purposes any Financial Collateral Arrangements) since the start of the Offer Period, save for any borrowed shares which have been either on-lent or sold;
- (f) none of OSB or any person acting in concert with OSB has borrowed or lent any Charter Court relevant securities (including for these purposes any Financial Collateral Arrangements) during the Disclosure Period, save for any borrowed shares which have been either on-lent or sold;
- (g) none of Charter Court or any person acting in concert with Charter Court has borrowed or lent any OSB relevant securities (including for these purposes any Financial Collateral Arrangements) since the start of the Offer Period, save for any borrowed shares which have been either on-lent or sold; and
- (h) none of OSB or any person acting in concert with OSB has borrowed or lent any OSB relevant securities (including for these purposes any Financial Collateral Arrangements) during the Disclosure Period, save for any borrowed shares which have been either on-lent or sold.

6 Significant change in financial or trading position of Charter Court

The Charter Court Directors are not aware of any significant change in the financial or trading position of the Charter Court Group which has occurred since 31 December 2018, being the date to which the Charter Court Group's latest audited consolidated financial statements were prepared.

7 Significant change in financial or trading position of OSB

The OSB Directors are not aware of any significant change in the financial or trading position of the OSB Group which has occurred since 31 December 2018, being the date to which the OSB Group's latest audited consolidated financial statements were prepared.

8 Middle market quotations

Set out below are the closing middle market quotations of Charter Court Shares and OSB Shares as derived from the Daily Official List on:

- the first Business Day of each of the six months immediately prior to the date of this document;
- 8 March 2019 (being the last Business Day before the commencement of the Offer Period); and

(iii) the Latest Practicable Date:

Date	Charter Court Share (£)	OSB Share (£)
1 November 2018	298.60	376.00
3 December 2018	235.00	347.20
2 January 2019	254.80	352.60
1 February 2019	275.20	371.40
1 March 2019	321.60	394.80
8 March 2019	306.40	370.00
1 April 2019	337.50	386.00
13 May 2019, being the Latest Practicable Date	349.00	426.00

9 OSB Directors' emoluments

The emoluments of the OSB Directors will not be affected by the acquisition of Charter Court or by any other associated transaction.

10 Service contracts and letters of appointment of the Charter Court Directors

Save for the service contracts described below, there are no existing or proposed service contracts between any Director (or proposed director of Charter Court) and Charter Court and its subsidiary undertakings.

(i) The Charter Court Executive Directors have entered into service agreements with Exact Mortgage Experts Limited as summarised below:

(a) Details of the salary and benefits under the service agreements of the Charter Court Executive Directors are shown in the table below:

Name	Basic annual salary	Pension contributions/ cash in lieu	Car allowance/ company car	Discretionary benefits
Ian Lonergan	£609,875	Employer contribution of 20% of basic salary	£18,000 per annum Car insurance	Life assurance (3 x basic annual salary) Private medical insurance Critical illness insurance Income protection insurance Denplan
Sebastien Maloney ...	£430,500	Employer contribution of 20% of basic salary	£18,000 per annum Car insurance	Life assurance (3 x basic annual salary) Private medical insurance Critical illness insurance Income protection insurance Denplan
Peter Elcock	£343,375	Employer contribution of 20% of basic salary	£18,000 per annum	Life assurance (3 x basic annual salary) Private medical insurance

(b) The Executive Directors are eligible to receive bonus and/or other discretionary incentive awards. These are at the Remuneration Committee's discretion and the Executive Directors will not have a contractual right to receive such awards. Payment or vesting of awards may be deferred and may be subject to performance adjustment, including malus and clawback in accordance with regulatory requirements, the rules of the applicable scheme rules and Charter Court's Remuneration Policy.

(c) An Executive Director's employment continues unless terminated by either party giving to the other 12 months' written notice. Under the terms of each service agreement, Exact Mortgage

Experts Limited may elect to terminate an Executive Director’s employment by making a payment in lieu of notice equal to basic salary for any unexpired portion of the notice period (“PILON”). The PILON will not include payments in respect of bonus, holiday which would have been accrued during the notice period or other benefits. Exact Mortgage Experts Limited has the discretion to pay any PILON in instalments. If it exercises its right to pay the PILON in instalments, an Executive Director is obliged to take reasonable steps to seek suitable alternative income which is then applied in mitigation of the PILON payments.

- (d) Exact Mortgage Experts Limited also has the discretion to place an Executive Director on garden leave for up to six months during the notice period. It is entitled to dismiss an Executive Director without notice or compensation in specified circumstances, such as if the Executive Director commits a serious or persistent breach of any term of the service agreement.
 - (e) The Executive Directors’ service agreements also contain post-termination restrictions, including 12 months’ post-termination non-compete, non-solicitation and other restrictions.
 - (f) Details of the share awards under the Charter Court Share Plans held by the Charter Court Executive Directors are set out at paragraph 5 of this Part V above. The effects of the Scheme on the options and awards under the Charter Court Share Plans are described in paragraph 13 of Part II of this document.
- (ii) The Charter Court Non-Executive Directors have entered into letters of appointment with Charter Court as summarised below:

- (a) Details of the fees of the Charter Court Non-Executive Directors are shown in the table below:

<u>Name</u>	<u>Annual fee</u>	<u>Committee fees (Chair)</u>	<u>Committee fees (Member)</u>	<u>Senior Independent Director</u>	<u>Total annual fees</u>
Sir Malcolm Williamson	£250,000	—	—	—	£250,000
Noël Harwerth	£67,500	—	£5,000 Risk Committee £5,000 Remuneration Committee £2,500 Nomination Committee £5,000 Stakeholder Committee	£20,000	£105,000
Ian Ward	£67,500	£25,000 Remuneration Committee £25,000 Stakeholder Committee	£5,000 Audit Committee £5,000 Risk Committee £2,500 Nomination Committee	—	£130,000
Timothy Brooke	£67,500	£25,000 Risk Committee	£5,000 Audit Committee £5,000 Remuneration Committee £2,500 Models & Ratings Committee £5,000 Stakeholder Committee	—	£110,000
Rajan Kapoor	£67,500	£25,000 Audit Committee £10,000 Models & Ratings Committee	£5,000 Remuneration Committee £5,000 Risk Committee	—	£112,500
Philip Jenks	£150,000	—	—	—	£150,000

- (b) The services of Sir Malcolm Williamson as Non-Executive Director and Chairman are provided under the terms of an appointment letter with Exact Mortgage Experts Limited dated 15 September 2017. Sir Malcolm Williamson’s current three-year term expires on 26 June 2020,

subject to termination by either party upon at least six months' notice. Sir Malcolm Williamson's term can be extended by election at the AGM for a subsequent term or terms not exceeding nine years in total.

- (c) The services of Mr Jenks as Non-Executive Director and Deputy Chairman are provided under the terms of an appointment letter with Exact Mortgage Experts Limited dated 15 September 2017. Mr Jenks was appointed for a three-year term which expired on 5 January 2018, after which the appointment automatically renewed for a further three-year period. This renewed appointment will expire on 5 January 2021. Mr Jenks' appointment letter may be terminated by either party upon at least six months' notice and he is subject to annual re-election by shareholders. The Company may elect to pay Mr Jenks fees in lieu of any unexpired period of notice. Where the Company elects to make a payment of fees in lieu of notice in instalments, Mr Jenks is obliged to take reasonable steps to seek suitable alternative income which is then applied in mitigation of the payment in lieu of notice. Mr Jenks is subject to a non-compete restriction of three months after the termination of his appointment.
 - (d) The services of Ms Harwerth as Non-Executive Director and Senior Independent Director are provided under the terms of an appointment letter with Exact Mortgage Experts Limited dated 15 September 2017. Ms Harwerth's current three-year term expires on 26 June 2020, subject to earlier termination by either party upon at least six months' notice and annual re-election by shareholders.
 - (e) The services of Mr Ward, Mr Brooke and Mr Kapoor as Non-Executive Directors are provided under the terms of appointment letters with Exact Mortgage Experts Limited dated 15 September 2017. Mr Ward and Mr Brooke have each been appointed for a three-year term which expired on 5 January 2018, after which the Company automatically renewed each appointment for a further three-year period expiring on 5 January 2021. Mr Kapoor has been appointed for a three-year term which expires on 22 September 2019. All appointment letters are subject to termination by either party upon at least six months' notice and annual re-election by shareholders.
 - (f) Under the terms of the appointment letters for each of the Chairman, the Deputy Chairman and each Independent Non-Executive Director, the Company may terminate their appointment immediately without compensation in specified circumstances including where the Non-Executive Director is not re-elected by shareholders. Other than the discretion for the Company to make a payment of fees in lieu of any unexpired part of the notice period for the Chairman or the Deputy Chairman (as described above), no compensation is payable to any of the Non-Executive Directors on termination of appointment.
 - (g) The Non-Executive Directors are not eligible to participate in any incentive arrangements operated by Charter Court.
- (iii) Save as disclosed above, no Charter Court Director participates in any commission or profit-sharing arrangements.
 - (iv) Save as disclosed above, there are no service contracts between any Charter Court Director or proposed director of Charter Court and any member of the Charter Court Group, and no such contract has been entered into or amended within the six months preceding the date of this document.

11 Offer-related arrangements

(i) Co-operation Agreement

OSB and Charter Court have entered into a Co-operation Agreement dated 14 March 2019, pursuant to which OSB has agreed to diligently pursue the clearances required to satisfy the regulatory Conditions, with a view to satisfying such conditions as soon as is reasonably practicable. OSB and Charter Court have agreed to co-operate with each other in good faith to provide each other, in a timely manner, with such information, assistance and access as may reasonably be required in order to obtain the regulatory clearances and authorisations. OSB and Charter Court have also agreed to co-operate with each other in good faith to provide each other, in a timely manner, with such information, assistance and access as may reasonably be required for the preparation of the key shareholder documentation.

OSB has the right to terminate the Co-operation Agreement where:

- (a) the Charter Court Directors have withdrawn, qualified, adversely modified or failed to provide, or they have failed to reaffirm (when reasonably requested by OSB to do so), their unanimous and unconditional recommendation that the Charter Court Shareholders vote in favour of the Scheme (including prior to the publication of this document, their intention to do so);

- (b) the Charter Court General Meeting and/or the Court Meeting is not held on or before 30 June 2019 (or such later date as may be agreed in writing between OSB and Charter Court with the consent of the Panel and the approval of the Court (if such approval is required));
- (c) the Court Sanction Hearing is not held on or before the later of: (a) the 22nd day after the expected date of such hearing;¹² and (b) 30 days after all the Conditions (other than the Scheme Condition) have been satisfied or waived;
- (d) OSB has notified Charter Court of a Condition which is incapable of satisfaction or waiver by the Longstop Date (where its invocation is permitted by the Panel);
- (e) if a Condition is incapable of satisfaction, in circumstances where invocation of the relevant Condition is permitted by the Panel; or
- (f) a competing transaction becomes effective or is recommended by the Charter Court Directors.

Charter Court has the right to terminate the Co-operation Agreement where:

- (a) the OSB Directors have withdrawn, qualified or modified in any adverse manner, or they have failed to reaffirm (when reasonably requested by Charter Court to do so) their unanimous and unconditional recommendation that the OSB Shareholders vote in favour of the OSB Resolutions at the OSB General Meeting (including, prior to the publication of the OSB Circular, their intention to do so);
- (b) the OSB Resolutions are not passed by the requisite majority at the OSB General Meeting; or
- (c) if a competing transaction becomes effective.

OSB and Charter Court may also terminate the Co-operation Agreement by mutual consent.

OSB and Charter Court may also terminate the Co-operation Agreement by service of written notice on the other if the Combination is being implemented by way of the Scheme and:

- (a) the Scheme is not approved by the requisite majority of Charter Court Shareholders at the Court Meeting or the Special Resolution is not passed by the requisite majority at the Charter Court General Meeting; or
- (b) the Court refuses to sanction the Scheme or grant the Scheme Court Order at the Scheme Court Sanction Hearing.

The Co-operation Agreement will also terminate if:

- (a) the Combination is withdrawn or lapses before the Longstop Date, other than where OSB has exercised its right to implement the Combination as an Offer with the consent of the Panel and subject to the approval of Charter Court (or otherwise in accordance with the Co-operation Agreement); or
- (b) the Scheme (or Offer, as the case may be) has not become Effective by the Longstop Date.

The Co-operation Agreement also contains provisions that will apply in respect of the Charter Court Share Plans and certain other employee incentive arrangements, including the terms agreed at that time in respect of Ian Lonergan and Sebastien Maloney which are summarised at paragraph 11 of Part II of this document.

(ii) Confidentiality Agreement

OSB and Charter Court have entered into a mutual confidentiality agreement dated 19 November 2018, pursuant to which each of OSB and Charter Court has undertaken, among other things, to: (i) keep confidential information relating to the other party and not to disclose it to third parties (other than certain permitted disclosees) unless required by law or regulation; and (ii) use the confidential information for the sole purpose of considering, evaluating, advising on or furthering the Combination.

The agreement also contains customary standstill provisions (pursuant to which OSB will not, without Charter Court approval and subject to customary carve outs, acquire shares in Charter Court) which apply for a period of 12 months following the date of the agreement and undertakings from both OSB and Charter Court that, for a period of 12 months, subject to certain exceptions, neither OSB nor Charter Court will approach or solicit the other's directors, officers, senior managers and certain of their other employees.

¹² See Note (6) on page 15.

(iii) **Confidentiality and Joint Defence Agreement**

OSB, Charter Court and their respective legal counsels have also entered into a Confidentiality and Joint Defence Agreement dated 14 February 2019, the purpose of which is to ensure that the exchange and/or disclosure of certain materials relating to the parties and in relation to, in particular, the anti-trust workstream only takes place between their respective legal counsels and external experts, and does not diminish in any way the confidentiality of such materials and does not result in a waiver of any privilege, right or immunity that might otherwise be available.

(iv) **Clean Team Confidentiality Agreement**

OSB and Charter Court have entered into a Clean Team Confidentiality Agreement dated 1 February 2019, which sets out how any confidential information that is competitively sensitive can be disclosed, used or shared for the purposes of due diligence, synergies evaluation, integration planning and regulatory clearance. Such commercially sensitive information must only be made available to the party receiving information through designated persons removed from day-to-day commercial/strategic operations and decisions and external professional advisers. The findings of such designated persons and the external advisers may only be relayed to other employees, officers and directors of the receiving party in specified circumstances and subject to certain restrictions.

12 Material contracts – Charter Court

Save as disclosed below, no member of the Charter Court Group has, during the period beginning on 9 March 2017 (being the date two years prior to the commencement of the Offer Period) and ending on the Latest Practicable Date, entered into any material contract otherwise than in the ordinary course of business.

(i) **Co-operation Agreement**

Charter Court and OSB have entered into a Co-operation Agreement, dated 14 March 2019, with respect to the implementation of the Combination, a summary of which is set out in paragraph 11(i) of this Part V above.

The Co-operation Agreement also contains provisions that will apply in respect of the Charter Court Share Plans and certain other employee incentive arrangements.

(ii) **Relationship Agreement with Elliott**

Charter Court entered into the Relationship Agreement with Elliott on 28 September 2017. This agreement will terminate upon completion of the Combination, as further described below.

The principal purpose of the Relationship Agreement is to ensure that Charter Court is capable of carrying on its business independently of Elliott since its listing on the London Stock Exchange in 2017. The Relationship Agreement took effect on 4 October 2017 and will continue for so long as Elliott, together with any person with whom they are acting in concert, continue to be interested, in aggregate, in at least 30 per cent. of the voting rights of Charter Court. Pursuant to the Relationship Agreement, Elliott will:

- for so long as they, together with any person with whom they are acting in concert, continue to be interested, in aggregate, in at least 50 per cent. of the voting rights of Charter Court, have the right to nominate two people to be their representative directors on the Charter Court Board; and
- for so long as they, together with any person with whom they are acting in concert, continue to be interested, in aggregate, in less than 50 per cent. but more than 30 per cent. of the voting rights of Charter Court, have the right to nominate one person to be their representative director on the Charter Court Board.

As at the Latest Practicable Date, the director nomination rights noted above have not been exercised.

Under the Relationship Agreement, Elliott have agreed to ensure that:

- all transactions and arrangements between: (i) Elliott or any of their respective associates and (ii) Charter Court or any member of the Charter Court Group, are conducted at arm's length and on normal commercial terms, provided that no member of the Charter Court Group shall enter into such a transaction or arrangement without the consent of a majority of the directors of the Charter Court Board (excluding any director(s) nominated by Elliott);

- none of Elliott or any of their respective associates shall take any action that would have the effect of preventing Charter Court from complying with its obligations under the Listing Rules;
- none of Elliott or any of their respective associates shall propose or procure the proposal of a shareholder resolution of the shareholders of Charter Court which is intended or appears to be intended to circumvent the proper application of the Listing Rules;
- each of Elliott and their respective associates shall abstain from voting on any resolution to which Rule 11.1.7R(4) of the Listing Rules applies relating to a transaction or arrangement (in each case, other than in the ordinary course of business) with either of Elliott or its respective associates as the related party and shall (so far as is within its power to do so and subject to the fiduciary duties of any director(s) nominated by Elliott) procure that any director(s) nominated by Elliott abstain(s) from voting at any related meeting of the Charter Court Board in respect of such transaction or arrangement;
- none of Elliott or any of their respective associates will exercise their voting rights or other rights to procure any amendment to the Articles which would be contrary to the maintenance of Charter Court's ability to carry on its business independently from Elliott or otherwise result in a breach of the provisions of the Relationship Agreement; and
- in respect of any matters that might give rise to a conflict of interest between Charter Court and any of Elliott or any of their respective associates, Elliott shall procure (to the extent that they are able to do so and subject to the fiduciary duties of any director(s) nominated by Elliott) that any director(s) nominated by Elliott abstain(s) from voting at a meeting of the Charter Court Board in respect of such a matter.

The Relationship Agreement will terminate if Charter Court's ordinary shares cease to be listed on the premium listing segment of the Official List and traded on the London Stock Exchange (i.e. on completion of the Combination) or when Elliott, together with any person with whom they are acting in concert, cease to retain, in aggregate, an interest which carries 30 per cent. or more of the votes able to be cast on all or substantially all matters at general meetings of Charter Court.

(iii) Commercial Warehouse Facility Agreements

On 1 December 2017, CML Warehouse No. 1 Ltd (as borrower), Charter Mortgages Limited (as seller and subordinated lender) and Charter Court Financial Services Limited (as originator and servicer) entered into a senior facility agreement with, among others, Bank of America Merrill Lynch International Limited (as arranger and original senior lender), Elavon Financial Services Limited (as agent) and U.S. Bank Trustees Limited (as security trustee) (the "**CML 1 Warehouse Facility**").

On 28 November 2018, CML Warehouse No. 2 Ltd (as borrower), Charter Mortgages Limited (as seller and subordinated lender) and Charter Court Financial Services Limited (as originator and servicer) entered into a senior facility agreement with, among others, Gresham Receivables (No 31) UK Limited (as original senior lender), Lloyds Bank PLC (as facility agent and Gresham Receivables (No 31) UK Limited's agent), HSBC Corporate Trustee Company (UK) Limited (as agent) and HSBC Corporate Trustee Company (UK) Limited (as security trustee) (the "**CML 2 Warehouse Facility**").

Under the terms of the CML 1 Warehouse Facility, Bank of America Merrill Lynch International Limited agreed to make available to CML Warehouse No. 1 Ltd a committed loan facility for a maximum principal amount of £350,000,000, and under the terms of the CML 2 Warehouse Facility, Gresham Receivables (No 31) UK Limited agreed to make available to CML Warehouse No. 2 Ltd a loan facility for a maximum principal amount of £250,000,000 (at Gresham Receivables (No 31) UK Limited's absolute discretion), in each case for the purpose of funding, in part, the acquisition of certain mortgage loans and their related security from Charter Mortgages Limited from time to time. Interest is payable on amounts drawn under the facilities at a floating rate based on LIBOR plus a margin. Lending drawn under the facilities is secured on the loans purchased by CML Warehouse No. 1 Ltd and CML Warehouse No. 2 Ltd (as applicable) and on the rights and obligations under certain transaction documents entered into in connection with the facilities. As of 31 December 2018, £233.4 million remained outstanding of funds drawn under the CML 1 Warehouse Facility and no funds had been drawn under the CML 2 Warehouse Facility.

Mortgage loans and related security acquired by CML Warehouse No. 1 Ltd and CML Warehouse No. 2 Ltd in connection with these facilities are administered by Charter Court Financial Services Limited in accordance with the terms of a servicing agreement. The balance of the purchase price for

the acquisition of the mortgage loans and related security is to be funded under facilities provided by Charter Mortgages Limited.

The senior facility agreements and related transaction documents are governed by English law.

(iv) **Savings Administration Agreement with Newcastle Strategic Solutions Limited**

On 19 February 2015, Charter Court entered into an agreement for the supply of services by Newcastle Building Society in relation to its savings account operations. Under the terms of the agreement, Newcastle Building Society was appointed for a five-year term to provide internet, telephone and postal based savings account operating services on behalf of Charter Court in relation to deposit taking.

The agreement was subsequently renewed and varied in September 2017, with the term re-set to run for five years from the date of entry into the agreement varying the original terms. Under the terms of this variation agreement, Newcastle Strategic Solutions Limited, a wholly-owned subsidiary of Newcastle Building Society, was substituted as the principal service provider, subject to and on the condition of the entry by Newcastle Building Society into a full parent company guarantee of its subsidiary's obligations under the contract.

Either party may terminate the agreement in the event of a material breach by the other party which remains unremedied for more than 20 business days or in the event that the other party suffers an insolvency event (save where the other party is subject to an intervention under the Banking Act 2009). Additionally, Charter Court may terminate the agreement upon 12 months' notice at any time falling more than two years and six months after the date the services were first delivered under the agreement and may also terminate the agreement immediately in the event of certain regulatory failures by Newcastle Strategic Solutions Limited or in the event of force majeure preventing Newcastle Strategic Solutions Limited from delivering services for a period of one month or more.

Newcastle Strategic Solutions Limited's liability for the provision of its services is limited in each period of 12 months from the commencement date of the agreement as varied and renewed (a "**contract year**"), is limited to a sum equal to 50 per cent. of the charges paid by Charter Court under the agreement in the previous contract year. Newcastle Strategic Solutions Limited's liability in relation to the expenses of a customer redress programme imposed by a regulatory authority is capped at £700,000 under the agreement (without prejudice to other liability caps agreed with Charter Court) and Newcastle Strategic Solutions Limited also agreed to indemnify Charter Court in an amount of up to £2 million per contract year against any fines or financial penalties imposed by a regulatory authority upon Charter Court that are solely and directly attributable to the act, omission or neglect of the supplier. There is a £500,000 aggregate cap on Charter Court's liability to Newcastle Strategic Solutions Limited under the agreement. The parties further agreed to reciprocally indemnify each other in respect of an amount of up to £500,000 in any contract year against fines or sanctions imposed by a regulatory authority in respect of breaches of data protection legislation.

Under the agreement, Newcastle Strategic Solutions Limited is paid a fixed charge per new savings account opened and a monthly floating account administration charge that reduces by increments depending on the total number of accounts under administration during the month. Newcastle Strategic Solutions Limited is required to comply with certain agreed service performance metrics under the agreement.

The agreement contains mutual non-solicitation covenants in relation to each party's employees which extend until six months after termination of the agreement.

The agreement is governed by English law.

(v) **Securitisations**

The following securitisations have been entered into by Charter Court:

- On 28 April 2017, Charter Court Financial Services Limited (as seller and servicer) entered into a mortgage sale agreement with Precise Mortgage Funding 2017-1B PLC (as issuer) and Charter Mortgages Limited. Pursuant to this mortgage sale agreement, Charter Court Financial Services Limited agreed to sell a portfolio of buy-to-let mortgage loans to the issuer, the issuer undertook to use commercially reasonable endeavours to enforce the loans comprising the portfolio and Charter Court Financial Services Limited gave representations and warranties in relation to its capacity and authority and in respect of the underlying loans comprising the portfolio. Charter Mortgages Limited also gave undertakings to the issuer and US Bank Trustees Limited (as security trustee) in relation to certain loan modifications.

- On 27 July 2017, Charter Court Financial Services Limited (as seller and servicer) entered into a mortgage sale agreement with Charter Mortgage Funding 2017-1 PLC (as issuer). Pursuant to this mortgage sale agreement, Charter Court Financial Services Limited agreed to sell a portfolio of residential mortgage loans to the issuer, the issuer gave certain customary undertakings to Charter Court Financial Services Limited (including undertaking to use its commercially reasonable endeavours to enforce the loans comprising the portfolio) and Charter Court Financial Services Limited gave certain customary representations and warranties to the issuer and to US Bank Trustees Limited (as security trustee) in relation to its capacity and authority and in respect of the underlying loans comprising the portfolio.
- On 1 December 2017, Charter Mortgages Limited entered into a mortgage sale agreement with CML Warehouse Number 1 Limited (as borrower). Pursuant to this mortgage sale agreement, Charter Mortgages Limited agreed to sell a portfolio of residential and/or buy-to-let mortgage loans to CML Warehouse Number 1 Limited.
- On 16 January 2018, Charter Court Financial Services Limited agreed to sell its residual economic interest in the Charter Mortgage Funding 2017-1 PLC securitisation (issued on 27 July 2017, as detailed above) to Merrill Lynch International for cash consideration of £26.5million. The transaction involved the sale of a portfolio of class Z and subordinated notes and the residual certificates to the securitisations.
- On 24 January 2018, Charter Mortgages Limited (as seller and servicer) and Charter Court Financial Services Limited (the legal title holder) entered into a mortgage sale agreement with Precise Mortgage Funding 2018-1B PLC (as issuer). Pursuant to this mortgage sale agreement, the issuer agreed to sell a portfolio of buy-to-let mortgage loans to the issuer and the issuer undertook to use commercially reasonable endeavours to enforce the loans comprising the portfolio and Charter Court Financial Services Limited gave representations and warranties in relation to its capacity and authority and in respect of the underlying loans comprising the portfolio. Charter Mortgages Limited also gave undertakings to the issuer and US Bank Trustees Limited (as security trustee) in relation to certain loan modifications.
- On 20 March 2018, Charter Mortgages Limited (as seller and servicer) and Charter Court Financial Services Limited (as legal title holder) entered into a mortgage sale agreement with Precise Mortgage Funding 2018-2B PLC (as issuer). Pursuant to this mortgage sale agreement, the issuer agreed to sell a portfolio of buy-to-let mortgage loans to the issuer and the issuer undertook to use commercially reasonable endeavours to enforce the loans comprising the portfolio and Charter Court Financial Services Limited gave representations and warranties in relation to its capacity and authority and in respect of the underlying loans comprising the portfolio. Charter Mortgages Limited also gave undertakings to the issuer and US Bank Trustees Limited (as security trustee) in relation to certain loan modifications.
- On 8 June 2018, Charter Mortgages Limited (as seller and servicer) and Charter Court Financial Services Limited (the legal title holder) entered into a mortgage sale agreement with Charter Mortgage Funding 2018-1 PLC (as issuer). Pursuant to this mortgage sale agreement, Charter Court Financial Services Limited agreed to sell a portfolio of residential mortgage loans to the issuer and the issuer undertook to use commercially reasonable endeavours to enforce the loans comprising the portfolio and Charter Court Financial Services Limited gave representations and warranties in relation to its capacity and authority and in respect of the underlying loans comprising the portfolio. Charter Mortgages Limited also gave undertakings to the issuer and US Bank Trustees Limited (as security trustee) in relation to certain loan modifications. On 8 June 2018, Charter Mortgages Limited also agreed to sell its residual economic interest in the Charter Mortgage Funding 2018-1 PLC securitisation for cash consideration of £13.8 million. The transaction involved the sale of the RC1 and RC2 residual certificates to the securitisation.
- On 28 November 2018, Charter Mortgages Limited entered into a mortgage sale agreement with CML Warehouse Number 2 Limited (as borrower). Pursuant to this mortgage sale agreement, Charter Mortgages Limited agreed to sell a portfolio of residential and/or buy-to-let mortgage loans to CML Warehouse Number 2 Limited.
- On 18 January 2019, Charter Mortgages Limited agreed to sell its residual economic interest in the Precise Mortgage Funding 2018-1B PLC and Precise Mortgage Funding 2018-2B PLC securitisations (issued on 24 January 2018 and 20 March 2018, respectively, as detailed above) to Merrill Lynch International for cash consideration of £6.0 million. The transaction involved the sale of the RC2 residual certificates to the securitisations.

13 Material contracts – OSB

Save as disclosed below, no member of the OSB Group has, during the period beginning on 9 March 2017 (being the date two years prior to the commencement of the Offer Period) and ending on the Latest Practicable Date, entered into any material contract otherwise than in the ordinary course of business.

(i) Co-operation Agreement

Charter Court and OSB have entered into a Co-operation Agreement, dated 14 March 2019, with respect to the implementation of the Combination, a summary of which is set out in paragraph 11(i) of this Part V above.

The Co-operation Agreement also contains provisions that will apply in respect of the Charter Court Share Plans and certain other employee incentive arrangements.

(ii) Additional Tier 1 Securities

The OSB Group issued Fixed Rate Resetting Additional Tier 1 securities of £60,000,000 on the Irish Stock Exchange on 25 May 2017. The principal terms of the securities are described below:

- the securities are perpetual securities with no fixed redemption date;
- the security holders have no right to require OSB to redeem or purchase the securities at any time;
- the securities will be subject to full conversion into ordinary shares of OSB in the event that its CET1 capital ratio falls below 7 per cent.;
- the securities bear interest at a rate of 9.125 per cent. per annum until the first reset date of 25 May 2022, with the reset interest rate equal to 835.9 basis points plus the five-year semi-annual mid-swap rate for such a period; interest is paid semi-annually on 25 May and 25 November;
- OSB may at any time cancel any interest payment at its full discretion and must cancel interest payments in certain circumstances specified in the terms and conditions of the securities;
- OSB may, in its discretion and subject to satisfying certain conditions, redeem all (but not some) of the securities at the principal amount outstanding plus any accrued but unpaid interest on 25 May 2022 and on any interest payment date thereafter; and
- OSB may, in its discretion and subject to satisfying certain conditions, redeem all (but not some) of the securities at their principal amount outstanding plus any named but unpaid interest in the event of a change in the regulatory classification of the securities or a change in tax law or regulation that is material and would cause additional amounts to be paid or deductions to be reviewed or change the tax treatment of the securities.

14 Sources and bases of information

- (i) All references to Charter Court Shares are to Charter Court's ordinary shares of 1 pence each. All references to OSB Shares are to OSB's ordinary shares of 1 pence each.
- (ii) Unless otherwise stated:
 - (a) financial information relating to the OSB Group has been extracted or derived (without any adjustment) from the audited annual report and accounts for OSB for the year ended 31 December 2017 and the audited annual report and accounts for OSB for the year ended 31 December 2018; and
 - (b) financial information relating to the Charter Court Group has been extracted or derived (without any adjustment) from the audited annual report and accounts for Charter Court for the year ended 31 December 2017 and the audited annual report and accounts for Charter Court for the year ended 31 December 2018.
- (iii) As at the close of business on 13 May 2019, being the Latest Practicable Date, Charter Court had in issue 239,320,419 Charter Court Shares and OSB had in issue 245,155,033 OSB Shares. The ISIN for Charter Court Shares is GB00BD822578 and for OSB Shares is GB00BM7S7K96.

- (iv) The percentage of the share capital of the Combined Group that will be owned by Charter Court Shareholders of approximately 45 per cent. is calculated by dividing the maximum number of New OSB Shares to be issued under the terms of the Combination referred to in paragraph 14(v)(b) of this Part V below by the issued share capital of the Combined Group (as set out in paragraph 14(v) of this Part V below) and multiplying the resulting sum by 100 to produce a percentage.
- (v) The share capital of the Combined Group (being 447,320,535) has been calculated as the sum of:
- a total number of 245,155,033 OSB Shares, being the number of OSB Shares in issue as at the close of business on 13 May 2019, being the Latest Practicable Date; and
 - 202,165,502 New OSB Shares which would be issued under the terms of the Combination (being 0.8253 New OSB Shares to be issued per Charter Court Share multiplied by the fully diluted share capital of Charter Court (being 239,320,419 Charter Court Shares currently in issue (as at the Latest Practicable Date) and a maximum of 5,639,597 Charter Court Shares which may be issued on or after the date of the Scheme on the exercise of options or vesting of awards under the Charter Court Share Plans (based on outstanding options and awards as at the Latest Practicable Date)). The actual number of Charter Court Shares issued under the Charter Court Share Plans will be affected by the application of performance conditions and time pro-rating).

As at the Latest Practicable Date, OSB holds no ordinary shares in treasury.

- (vi) The synergy numbers are unaudited and are based on analysis by OSB's management and on OSB's internal records. Further information underlying the Quantified Financial Benefits Statement contained in this document is provided in Appendix I.
- (vii) For the purposes of the financial comparisons in this document, no account has been taken of any liability to taxation or the treatment of fractions under the Combination.
- (viii) Earnings per share figures are stated exclusive of exceptional and extraordinary items where these have been disclosed.
- (ix) The timing expectations set out in this document assume that the Combination would become effective in Q3 2019.
- (x) Certain figures included in this document have been subject to rounding adjustments.

15 Fees and expenses

(i) Charter Court

The aggregate fees and expenses expected to be incurred by Charter Court in connection with the Combination (excluding any applicable value added tax) are expected to be approximately:

<u>Category</u>	<u>Amount (excluding VAT)</u>
	<i>(£m)</i>
Financial and corporate broking advice	4,479-8,264 ⁽¹⁾
Legal advice	3,634 ⁽²⁾
Accounting advice	0.185
Public relations advice	0.193
Other professional services	0.204
Other costs and expenses	0.226
Total	<u><u>8,921-12,706</u></u>

Note:

- The amount of the aggregate fees and expenses for these services depends on whether a discretionary fee is paid by Charter Court.
- These services are charged by reference to hourly or daily rates. Amounts included here reflect the time incurred up to the Latest Practicable Date and an estimate of further fees to be incurred up to completion of the Combination.

(ii) **OSB**

The aggregate fees and expenses expected to be incurred by OSB in connection with the Combination (excluding any applicable value added tax) are expected to be approximately:

Category	Amount (excluding VAT)
	<i>(£m)</i>
Financial and corporate broking advice	7.5-8.50 ⁽¹⁾
Legal advice	3.58 ⁽²⁾
Accounting advice	3.04
Public relations advice	0.3-0.35 ⁽³⁾
Other professional services	0.07
Other costs and expenses	0.40
Total	<u>14.89-15.94</u>

Notes:

- (1) The variable component of these fees reflects a discretionary fee.
- (2) These services are charged by reference to hourly or daily rates. Amounts included here reflect the time incurred up to the Latest Practicable Date and an estimate of further fees to be incurred up to completion of the Combination.
- (3) The variable component of these fees reflects a discretionary fee.

16 General

- (i) Each of RBC Capital Markets and Credit Suisse has given and not withdrawn its written consent to the issue of this document with the inclusion of the references to its name in the form and context in which they appear.
- (ii) Each of Rothschild & Co and Barclays has given and not withdrawn its written consent to the issue of this document with the inclusion of the references to its name in the form and context in which they appear.
- (iii) Save as disclosed herein, there is no agreement, arrangement or understanding whereby the beneficial ownership of any of the Charter Court Shares to be acquired by OSB pursuant to the Combination will be transferred to any person other than OSB, save that OSB reserves the right to transfer any such shares to any other member of the OSB Group.
- (iv) Save as disclosed in this document, there is no agreement, arrangement or understanding (including compensation arrangement) between OSB or any person acting in concert with it and any of the Charter Court Directors, recent directors, shareholders or recent shareholders of Charter Court having any connection with or dependence upon the Combination.
- (v) Except with the consent of the Panel, settlement of the consideration to which each Scheme Shareholder is entitled under the Scheme will be implemented in full in accordance with the terms of the Scheme without regard to any lien or right of set-off, counterclaim or other analogous right to which OSB may otherwise be, or claim to be, entitled against any such Scheme Shareholder.
- (vi) There is no agreement to which OSB is a party which relates to the circumstances in which it may, or may not, invoke a condition to the Scheme.

17 Documents available for inspection

Copies of the following documents will be available for viewing on Charter Court's website at www.chartercourtfsc.co.uk and OSB's website at www.osb.co.uk up to and including completion of the Combination:

- (i) this document (including any documents incorporated by reference herein) and the Forms of Proxy;
- (ii) the memorandum of Charter Court and the Articles;
- (iii) the memorandum and articles of association of OSB;
- (iv) a copy of the written consent from each of RBC Capital Markets and Credit Suisse referred to at paragraph 16(i) of this Part V above;
- (v) a copy of the written consent from each of Rothschild & Co and Barclays referred to at paragraph 16(ii) of this Part V above;
- (vi) a copy of the written confirmation letters from each of KPMG, Rothschild & Co and Barclays referred to in paragraph 5 of Part II and Appendix I to this document;

- (vii) copies of the letters of irrevocable undertaking and letters of intent referred to in paragraph 4 of this Part V above;
- (viii) the offer-related agreements referred to in paragraph 11 of this Part V above;
- (ix) copies of the material contracts referred to in paragraphs 12 and 13 of this Part V above that were entered into in connection with the Combination;
- (x) a copy of the Possible Offer Announcement;
- (xi) a copy of the Firm Offer Announcement;
- (xii) a copy of the OSB Prospectus;
- (xiii) a copy of the OSB Circular;
- (xiv) a draft copy of the Articles as proposed to be amended by the Special Resolution at the Charter Court General Meeting;
- (xv) a copy of the audited consolidated accounts of Charter Court for the financial year ended 31 December 2018;
- (xvi) a copy of the audited consolidated accounts of Charter Court for the financial year ended 31 December 2017;
- (xvii) a copy of the audited consolidated accounts of OSB for the financial year ended 31 December 2018;
- (xviii) a copy of the audited consolidated accounts of OSB for the financial year ended 31 December 2017;
and
- (xix) template forms of the Rule 15 Letters.

Dated: 15 May 2019

**PART VI
THE SCHEME OF ARRANGEMENT**

**IN THE HIGH COURT OF JUSTICE
BUSINESS AND PROPERTY COURTS
OF ENGLAND AND WALES
COMPANIES COURT (ChD)**

CR-2019-002197

IN THE MATTER OF CHARTER COURT FINANCIAL SERVICES GROUP PLC

- and -

IN THE MATTER OF THE COMPANIES ACT 2006

SCHEME OF ARRANGEMENT
(under Part 26 of the Companies Act 2006)

BETWEEN

CHARTER COURT FINANCIAL SERVICES GROUP PLC

AND

ITS
SCHEME SHAREHOLDERS
(as hereinafter defined)

PRELIMINARY

(A) In this Scheme, unless inconsistent with the subject or context, the following expressions have the following meanings:

“Act”	the Companies Act 2006 (as amended)
“Announcement”	the announcement made on 14 March 2019 in relation to the Combination pursuant to Rule 2.7 of the City Code
“business day”	a day (other than a Saturday, Sunday, public or bank holiday in England) on which banks are generally open for business in London other than solely for trading settlement in Euro
“certificated” or “in certificated form”	not in uncertificated form (that is, not in CREST)
“City Code”	the City Code on Takeovers and Mergers
“Combination”	the proposed acquisition by OSB of the entire issued and to be issued ordinary share capital of the Company to be effected by means of this Scheme as described in the document of which this Scheme forms part
“Company”	Charter Court Financial Services Group plc, a company incorporated in England and Wales with registered number 6712054
“Company Equalising Dividend”	has the meaning given to it in Clause 2.3
“Company Permitted Dividend”	has the meaning given to it in Clause 2.3
“Company Share Plans”	the employee share option and award schemes of the Company in place from time to time
“Consideration”	the consideration due to Scheme Shareholders pursuant to Clause 2

“Court”	the High Court of Justice in England and Wales
“Court Meeting”	the meeting (or meetings) of the Scheme Shareholders as at the Voting Record Time (or any class or classes thereof) convened pursuant to an order of the Court under section 896 of the Act to consider and, if thought fit, approve this Scheme, including any adjournment thereof
“Court Sanction Hearing”	the hearing at which the Court sanctions the Scheme
“CREST”	the system for the paperless settlement of trades in securities and the holding of uncertificated securities operated by Euroclear in accordance with the Uncertificated Securities Regulations 2001 (SI 2001/3755) (as amended)
“Equiniti”	Equiniti Limited, a company incorporated in England and Wales with registered number 06226088 and whose registered office is at Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA
“Euroclear”	Euroclear UK & Ireland Limited, a company incorporated in England and Wales with registered number 02878738
“Excluded Shares”	any Ordinary Shares which are: (i) registered in the name of or beneficially owned by OSB or any member of the OSB Group or their respective nominees; or (ii) held by the Company in treasury, in each case as at any relevant date or time
“holder”	a registered holder, including a person (or persons) entitled by transmission
“New OSB Shares”	the new OSB Shares proposed to be issued to Scheme Shareholders pursuant to Clause 2
“Ordinary Shares”	ordinary shares of 1 pence each in the capital of the Company
“OSB”	OneSavings Bank plc, a company incorporated in England and Wales with registered number 7312896
“OSB Equalising Dividend”	has the meaning given to it in Clause 2.2.2
“OSB Group”	OSB and its subsidiaries and subsidiary undertakings at the relevant date or time
“OSB Permitted Dividend”	(i) the dividend of 14.6 pence per OSB Share in respect of the completed 12-month period ended 31 December 2018, as announced by OSB on 14 March 2019; and (ii) should completion of the Combination occur after the record date for OSB’s 2019 half yearly interim dividend in respect of the completed six-month period ending 30 June 2019 (subject to such record date being no earlier than 20 August 2019), any dividend announced, declared, made or paid by OSB, prior to the Effective Date, in respect of the completed six-month period ending 30 June 2019, provided that such dividend does not exceed one third of the total dividend per OSB Share for the completed 12-month period ended 31 December 2018
“OSB Shareholder”	a holder of OSB Shares at the relevant date or time
“OSB Shares”	ordinary shares of 1 pence each in the capital of OSB
“Panel”	the UK Panel on Takeovers and Mergers
“Registrar of Companies”	the Registrar of Companies in England and Wales
“Scheme”	this scheme of arrangement in its present form or with or subject to any modification, addition or condition approved or imposed by the Court and agreed to by the Company and OSB

“Scheme Effective Date”	the date on which this Scheme becomes effective in accordance with Clause 9
“Scheme Effective Time”	the time and date at which this Scheme becomes effective in accordance with Clause 9
“Scheme Record Time”	6.00 p.m. on the business day immediately after the date of the Court Sanction Hearing
“Scheme Shareholder”	a holder of one or more Scheme Shares at the relevant date or time
“Scheme Shares”	<p>the Ordinary Shares:</p> <p>(i) in issue at the date of this Scheme;</p> <p>(ii) (if any) issued after the date of this Scheme and before the Voting Record Time; and</p> <p>(iii) (if any) issued at or after the Voting Record Time and before the Scheme Record Time on terms that the original holder or any subsequent holder thereof shall be bound by this Scheme, or in respect of which the original or any subsequent holder thereof shall have agreed in writing to be bound by this Scheme,</p> <p>and in each case (where the context requires) remaining in issue at the Scheme Record Time, but excluding any Excluded Shares</p>
“subsidiary” and “subsidiary undertaking”	have the meanings given in the Act
“uncertificated” or “in uncertificated form”	recorded on the relevant register as being held in uncertificated form in CREST and title to which, by virtue of the Uncertificated Securities Regulations 2001 (SI 2001/3755) (as amended), may be transferred by means of CREST
“Voting Record Time”	6.30 p.m. on the day which is two calendar days before the date of the Court Meeting or, if the Court Meeting is adjourned, 6.30 p.m. on the day which is two days before the date appointed for such adjourned meeting

(B) In this Scheme, references to:

- (i) “Clauses” are to clauses of this Scheme;
- (ii) “time” are to London time; and
- (iii) “sterling” are to the lawful currency of the United Kingdom.

(C) The issued ordinary share capital of the Company as at the close of business on 13 May 2019 (being the latest practicable date prior to the date of this Scheme) was £2,393,204.19 divided into 239,320,419 ordinary shares of 1 pence each, all of which were credited as fully paid and none of which were held in treasury.

(D) As at the close of business on 13 May 2019 (being the latest practicable date prior to the date of this Scheme), options and awards which could require the issue of up to 5,639,597 Ordinary Shares have been granted pursuant to the Company Share Plans.

(E) As at the close of business on 13 May 2019 (being the latest practicable date prior to the date of this Scheme) no Ordinary Shares were registered in the name of or beneficially owned by OSB or other members of the OSB Group.

(F) OSB has agreed to appear by Counsel at the Court Sanction Hearing and to submit to be bound by and to undertake to the Court to be bound by the provisions of this Scheme and to execute and do, or procure to be executed and done, all such documents, acts and things as may be necessary or desirable to be executed or done by it for the purpose of giving effect to this Scheme.

THE SCHEME

1 Transfer of the Scheme Shares

- 1.1 At the Scheme Effective Time, OSB (or such of its nominee(s) as are agreed between OSB and the Company) shall acquire all of the Scheme Shares fully paid, with full title guarantee, free from all liens, charges, equitable interests, encumbrances, options, rights of pre-emption and any other third party rights or interests of any nature whatsoever and together with all rights now or hereafter attaching or accruing to them, including, without limitation, voting rights and the right to receive and retain in full all dividends and other distributions (if any) announced, declared, made or paid, or any other return of capital (whether by reduction of share capital or share premium account or otherwise) made, in each case, by reference to a record date falling on or after the Scheme Effective Date.
- 1.2 For the purposes of such acquisition, the Scheme Shares shall be transferred to OSB (or such of its nominee(s) as are agreed between OSB and the Company), and such transfer shall be effected by means of a form of transfer or other instrument or instruction of transfer, or by means of CREST, and, to give effect to such transfers, any person may be appointed by the Company as attorney or agent and shall be authorised as such attorney or agent on behalf of the holder concerned to execute and deliver as transferor such form of transfer or other instrument or instruction of transfer, or procure the transfer by means of CREST, of such Scheme Shares, and every form, instrument or instruction of transfer so executed or instruction given shall be as effective as if it had been executed by the holder or holders of the Scheme Shares thereby transferred.

2 Consideration for the transfer of the Scheme Shares

- 2.1 In consideration for the transfer of the Scheme Shares to OSB (or its nominee(s) referred to in Clause 1.2), OSB shall (on the terms of and subject to the remaining provisions of this Scheme) allot and issue New OSB Shares to (or for the account of) each Scheme Shareholder (as appearing in the register of members of the Company at the Scheme Record Time) on the following basis:

for each Scheme Share:	0.8253 New OSB Shares
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- 2.2 Subject to Clause 2.3, if, on or after the date of the Announcement and prior to the Scheme Effective Time, any dividend and/or other distribution and/or return of value is announced, declared, made or paid or becomes payable by the Company in respect of a Scheme Share (other than a Company Permitted Dividend or a Company Equalising Dividend) or in an amount in excess of a Company Permitted Dividend or a Company Equalising Dividend, OSB shall be entitled to:

- 2.2.1 reduce the amount of Consideration payable in respect of each Scheme Share:

- (a) in the case of any dividend which is in an amount in excess of a Company Permitted Dividend or a Company Equalising Dividend, by an amount OSB (acting reasonably and in accordance with the City Code) determines to be equivalent to all or any part of such excess (calculated, for the avoidance of doubt, on a per Scheme Share basis); or
- (b) in the case of any dividend and/or other form of distribution and/or return of capital which is not a Company Permitted Dividend or a Company Equalising Dividend, by the amount of all or part of any such dividend and/or other form of distribution or return of capital (calculated, for the avoidance of doubt, on a per Scheme Share basis); or

- 2.2.2 declare and pay an equalising dividend (an “**OSB Equalising Dividend**”) to OSB Shareholders by an amount equivalent to:

- (a) in the case of any dividend which is in an amount in excess of a Company Permitted Dividend or a Company Equalising Dividend, all or any part of such excess so as to reflect the value attributable thereto; or
- (b) in the case of any dividend and/or other form of distribution and/or return of capital which is not a Company Permitted Dividend or a Company Equalising Dividend, all or part of any such dividend and/or other form of distribution or return of capital so as to reflect the value attributable thereto.

- 2.3 Notwithstanding the provisions of Clause 2.2, Scheme Shareholders shall be entitled to receive and retain, without any consequential reduction in the Consideration payable by OSB in respect of each Scheme Share under the Scheme:

- 2.3.1 the dividend of 12.7 pence per Scheme Share in respect of the completed 12-month period ended 31 December 2018, as announced by the Company on 14 March 2019;

2.3.2 should completion of the Combination occur after the record date for the Company's 2019 half yearly interim dividend in respect of the completed six-month period ending 30 June 2019 (subject to such record date being no earlier than 20 August 2019), any dividend announced, declared, made or paid by the Company, prior to the Effective Date, in respect of the completed six-month period ending 30 June 2019, provided that such dividend does not exceed one-third of the total dividend per Scheme Share for the completed 12-month period ended 31 December 2018; and

2.3.3 in circumstances where, on or after the date of the Announcement and prior to the Scheme Effective Date, any dividend and/or other form of distribution and/or return of capital is announced, declared, made or paid or becomes payable in respect of OSB Shares by reference to a record date before the Scheme Effective Date, and which is not an OSB Permitted Dividend or an OSB Equalising Dividend, or is in excess of an OSB Permitted Dividend or an OSB Equalising Dividend, any equalising dividend declared and paid by the Company to Scheme Shareholders so as to reflect the value attributable to: (a) in the case of any dividend which is in an amount in excess of an OSB Permitted Dividend or an OSB Equalising Dividend, by an amount equivalent to all or any part of such excess; or (b) in the case of any dividend and/or other form of distribution and/or return of capital which is not an OSB Permitted Dividend or an OSB Equalising Dividend, by the amount of all or part of any such dividend and/or other form of distribution or return of capital,

(each such dividend (or part thereof) that is permissible under the criteria in Clause 2.3.1 and/or 2.3.2 being a "**Company Permitted Dividend**", and under the criteria in Clause 2.3.3 being a "**Company Equalising Dividend**").

2.4 The New OSB Shares allotted and issued pursuant to Clause 2.1 shall be issued credited as fully paid and shall rank *pari passu* in all respects with OSB Shares in issue at the Scheme Effective Time, including the right to receive and retain in full all dividends and other distributions (if any) announced, declared, made or paid, or any other return of capital (whether by reduction of share capital or share premium account or otherwise) made, in each case, by reference to a record date falling on or after the Scheme Effective Date. Scheme Shareholders who receive New OSB Shares pursuant to the Scheme shall not be entitled to receive any dividend announced, declared, made or paid by OSB by reference to a record date falling prior to the Scheme Effective Date.

3 Overseas shareholders

3.1 The provisions of Clause 2 and Clause 4.1.1 shall be subject to any prohibition or condition imposed by law. Without prejudice to the generality of the foregoing, if, in respect of any Scheme Shareholder who is resident, located or has a registered address in a jurisdiction outside the United Kingdom or the United States, or whom OSB reasonably believes to be a citizen, resident or national of a jurisdiction outside the United Kingdom or the United States, OSB is advised that the law of a country or territory outside the United Kingdom and the United States:

3.1.1 precludes the allotment, issue and/or delivery to that Scheme Shareholder of New OSB Shares; or

3.1.2 precludes the matters referred to in Clause 3.1.1, except after compliance by the Company or OSB (as the case may be) with any governmental or other consent or any registration, filing or other formality with which the Company and/or OSB is unable to comply or compliance with which the Company and/or OSB (as the case may be) regards as unduly onerous,

then OSB may, in its sole discretion, determine that such New OSB Shares shall not be allotted, issued and delivered to such Scheme Shareholder but shall instead be allotted, issued and delivered to a person appointed by OSB for such Scheme Shareholder on terms that such person shall, as soon as practicable following the Scheme Effective Time, sell the New OSB Shares so issued.

3.2 Any sale under Clause 3.1 shall be carried out at the best price which can reasonably be obtained at the time of sale, and the net proceeds of such sale (after the deduction of all expenses and commissions incurred in connection with such sale, including any value added tax payable on the proceeds of sale) shall be paid to such Scheme Shareholder in accordance with the provisions of Clause 4.

3.3 To give effect to any sale under Clause 3.1, the person appointed by OSB in accordance with Clause 3.1.1 shall be authorised as attorney or agent on behalf of the Scheme Shareholder concerned to execute and deliver as transferor a form of transfer or other instrument or instruction of transfer and to

give such instructions and to do all other things which he or she may consider necessary or expedient in connection with such sale. In the absence of bad faith or wilful default, none of Company, OSB or the person(s) so appointed shall have any liability or for any loss or damage arising as a result of the timing or terms of any sale pursuant to this Clause 3.

- 3.4 Neither OSB nor the Company will be liable to any Scheme Shareholder for any determination made pursuant to this Clause 3 or for any omission or denial made hereunder.

4 Settlement of consideration

- 4.1 As soon as practicable after the Scheme Effective Time, and in any event no later than 14 days after the Scheme Effective Date, OSB shall:

4.1.1 subject to the provisions of Clause 3 (with respect to relevant overseas shareholders) and Clause 5 (with respect to fractional entitlements), allot and issue the New OSB Shares which it is required to allot and issue to Scheme Shareholders pursuant to Clause 2, and:

- (a) in the case of Scheme Shares which, at the Scheme Record Time, are in certificated form, procure the despatch of share certificates for such New OSB Shares to the persons entitled thereto in accordance with Clause 4.2; and
- (b) in the case of Scheme Shares which, at the Scheme Record Time, are in uncertificated form, procure that Euroclear is instructed to credit the appropriate stock account in CREST of the relevant Scheme Shareholder with such Scheme Shareholder's entitlement to such New OSB Shares, provided that OSB reserves the right to settle all or part of such consideration in the manner set out in Clause 4.1.1(a) if, for reasons outside its reasonable control, it is not able to effect settlement in accordance with this Clause 4.1.1(b);

4.1.2 in the case of New OSB Shares sold pursuant to Clause 3.1 (including any fractions sold pursuant to Clause 5 which are associated therewith), procure the despatch to the persons entitled thereto of cheques for the sums payable to them, respectively;

4.1.3 in the case of New OSB Shares sold pursuant to Clause 5 and issued in respect of Scheme Shares, which, at the Scheme Record Time, are in certificated form, procure the despatch to the persons entitled thereto of cheques for the sums payable to them, respectively; and

4.1.4 in the case of New OSB Shares sold pursuant to Clause 5 and issued in respect of Scheme Shares, which, at the Scheme Record Time, are in uncertificated form, procure that Euroclear is instructed to create an assured payment obligation in favour of the payment bank of the persons entitled thereto in accordance with the CREST assured payment arrangements for the sums payable to them, respectively, provided that OSB reserves the right to make payment of the said sums by cheque as set out in Clause 4.1.3 if, for reasons outside its reasonable control, it is not able to effect settlement in accordance with this Clause 4.1.4.

- 4.2 All deliveries of share certificates and/or cheques pursuant to this Scheme shall be effected by sending the same by first class post (or international standard post, if overseas) in prepaid envelopes (or by such other method as may be approved by the Panel) addressed to the person entitled thereto to their address as appearing in the register of members of the Company or, in the case of joint holders, at the address of that one of the joint holders whose name stands first in such register in respect of such joint holding at the Scheme Record Time, and none of the Company, OSB or any person or nominee appointed by OSB in accordance with Clause 3.1 or Clause 5, or their respective agents, shall be responsible for any loss or delay in the transmission or delivery of any share certificates or cheques sent in accordance with this Clause 4.2, which shall be sent at the risk of the persons entitled thereto.

- 4.3 All cheques shall be in sterling drawn on a UK clearing bank and shall be made payable to the persons respectively entitled to the monies represented thereby (except that, in the case of joint holders, OSB reserves the right to make such cheques payable to that one of the joint holders whose name stands first in the register of members of the Company in respect of such joint holding at the Scheme Record Time), and the encashment of any such cheque or the creation of any such assured payment obligation in accordance with Clause 4.1.4 shall be a complete discharge of OSB's obligations under this Scheme to pay the monies represented thereby.

- 4.4 The provisions of this Clause 4 shall be subject to any condition or prohibition imposed by law.

5 Fractional entitlements

- 5.1 Notwithstanding Clause 2, no fraction of a New OSB Share shall be allotted or issued to any Scheme Shareholder pursuant to this Scheme. Instead, the fractional entitlements of Scheme Shareholders at the Scheme Effective Time to New OSB Shares shall be aggregated, and OSB shall procure that the maximum whole number of New OSB Shares resulting therefrom shall be allotted and issued to a person appointed by OSB to hold such New OSB Shares on behalf of the relevant Scheme Shareholders. OSB shall procure that such New OSB Shares are sold in the market as soon as practicable after the Scheme Effective Time and that the net proceeds of sale (after the deduction of all commissions and expenses incurred in connection with such sale, including any value added tax payable on the proceeds of sale) shall be paid in due proportion to the relevant Scheme Shareholders (rounded down to the nearest penny) in accordance with the provisions of Clause 4. However, fractional entitlements to amounts (after the deduction of all commissions and expenses incurred in connection with such sale, including any value added tax payable on the proceeds of sale) of £1.00 or less shall not be paid to the relevant Scheme Shareholders who would otherwise be entitled to them under the Combination, but shall be retained for the benefit of OSB.
- 5.2 For the purposes of determining fractional entitlements, each portion of a Scheme Shareholder's holding which is recorded in the register of members of the Company by reference to a separate designation at the Scheme Record Time, whether in certificated or uncertificated form, shall be treated as a separate holding.
- 5.3 The person appointed by OSB in accordance with Clause 5.1 shall be authorised to execute and deliver as transferor a form of transfer or other instrument or instruction of transfer and to give such instructions and to do all other things which he or she may consider necessary or expedient in connection with such sale. In the absence of bad faith or wilful default, none of the Company, OSB or the persons so appointed shall have any liability for any loss or damage arising as a result of any determination made, or the timing or terms of any sale, pursuant to Clause 5.1.

6 Share certificates and transfer of entitlements

With effect from, or as soon as practicable after, the Scheme Effective Time:

- 6.1 all certificates representing Scheme Shares shall cease to have effect as documents of title to the Scheme Shares comprised therein, and every Scheme Shareholder shall be bound at the request of the Company to deliver up their share certificate(s) to the Company (or any person appointed by the Company to receive the same) or to destroy the same;
- 6.2 the Company shall procure that Euroclear is instructed to cancel or transfer the entitlements of Scheme Shareholders to Scheme Shares in uncertificated form and (if necessary) that entitlements to such Scheme Shares are rematerialised; and
- 6.3 subject to delivery of any such form of transfer or other instrument or instruction of transfer as may be required by Clause 1.2, and the payment of any stamp duty thereon, the Company shall procure that appropriate entries are made in the register of members of the Company to reflect the transfer of the Scheme Shares to OSB and/or its nominee(s) pursuant to Clause 1.2 (as applicable).

7 Authority pending registration of transfer

With effect from the Scheme Effective Time and until the register of members of the Company is updated to reflect the transfer of the Scheme Shares pursuant to Clause 1.2:

- 7.1 each Scheme Shareholder irrevocably appoints OSB (or such of its nominee(s) as are directed by OSB) to exercise on its behalf any votes and any or all other rights and privileges (including, without limitation, the right to requisition the convening of a general meeting of the Company or of any class of its shareholders) attaching to its Scheme Shares;
- 7.2 each Scheme Shareholder authorises the Company and/or its agents to send any notice, circular, warrant, document or other communication which may be required to be sent to such Scheme Shareholder as a member of the Company in respect of their Scheme Shares (including, without limitation, any share certificate(s) or other document(s) of title issued as a result of conversion of their Scheme Shares into certificated form) to OSB and/or such of its nominee(s) as are directed by OSB, at OSB's registered office;

- 7.3 each Scheme Shareholder irrevocably appoints OSB (or such of its nominee(s) as are directed by OSB) and/or any one or more of its directors or agents to sign on behalf of such Scheme Shareholder such documents, and do such things, as may, in the opinion of OSB and/or any one or more of its directors or agents, be necessary or desirable in connection with the exercise of any votes or other rights or privileges attaching to the relevant Scheme Shares (including, without limitation, an authority to sign any consent to short notice of a general or separate class meeting of the Company as attorney or agent for, and on behalf of, such Scheme Shareholder and/or to attend and/or execute a form of proxy in respect of such Scheme Shares appointing any person nominated by OSB and/or any one or more of its directors or agents to attend general and separate class meetings of the Company (or any adjournment thereof), and to exercise or refrain from exercising the votes attaching to the Scheme Shares on such Scheme Shareholder's behalf); and
- 7.4 each Scheme Shareholder irrevocably undertakes: (a) not to exercise any votes or any other rights attaching to the relevant Scheme Shares without the consent of OSB; and (b) not to appoint a proxy or representative for, or to attend any general meeting or separate class meeting of, the Company.

8 Mandates

All mandates and other instructions, including communications preferences, which have been given to the Company by Scheme Shareholders in respect of some or all of their Scheme Shares and which remain in force at the Scheme Record Time in respect of their Scheme Shares shall, unless and until revoked or amended, be deemed as from the Scheme Effective Time to be valid and effective mandates and/or instructions (as applicable) to OSB in relation to the New OSB Shares issued in respect thereof, except to the extent that a Scheme Shareholder already holds one or more OSB Shares at the Scheme Record Time (and Equiniti is able to match such holding), in which case any mandates and instructions in relation to those existing OSB Shares will also apply to the New OSB Shares received by that Scheme Shareholder.

9 Scheme Effective Time

- 9.1 This Scheme shall become effective in accordance with its terms as soon as a copy of the order of the Court sanctioning this Scheme under section 899 of the Act shall have been delivered to the Registrar of Companies.
- 9.2 Unless this Scheme shall have become effective on or before 31 October 2019, or such later date, if any, as the Company and OSB may (with the Panel's consent) agree and as the Court may allow, this Scheme shall never become effective.

10 Modification

The Company and OSB may jointly consent, on behalf of all persons concerned, to any modification of, or addition to, this Scheme or to any condition which the Court may approve or impose.

11 Governing law

This Scheme is governed by English law and is subject to the exclusive jurisdiction of the Court. The rules of the City Code apply to this Scheme on the basis provided in the City Code.

Dated 15 May 2019

PART VII DEFINITIONS

In this document, the following words and expressions have the following meanings, unless the context requires otherwise:

“Admission”	the admission of the New OSB Shares to the Official List with a premium listing and to trading on the Main Market
“Articles”	the articles of association of Charter Court in force from time to time
“Authorisations”	regulatory authorisations, orders, recognitions, grants, consents, clearances, confirmations, certificates, licences, permissions or approvals
“Barclays”	Barclays Bank PLC, acting through its Investment Bank
“Business Day”	a day (other than a Saturday, Sunday, public or bank holiday in England) on which banks are generally open for business in London other than solely for trading settlement in Euro
“certificated” or “in certificated form”	in relation to a share or other security, not in uncertificated form (that is, not in CREST)
“Change in Control Condition”	Condition 4(B), as set out in Part III of this document
“Charter Court”	Charter Court Financial Services Group plc, a public limited company incorporated in England and Wales with registered number 06712054
“Charter Court 2018 Annual Report and Accounts”	Charter Court’s annual report and audited accounts for the year ended 31 December 2018 (which includes the Charter Court Group’s audited historical financial statements for the year ended 31 December 2018)
“Charter Court Board”	the Charter Court Directors collectively
“Charter Court Directors”	the directors of Charter Court at the time of publication of this document or, where the context so requires, the directors of Charter Court from time to time
“Charter Court Equalising Dividend”	has the meaning given to it in paragraph 10 of Part II of this document
“Charter Court General Meeting”	the general meeting of Charter Court Shareholders (including any adjournment thereof) to be convened in connection with the Scheme for the purpose of considering and, if thought fit, approving the Special Resolution
“Charter Court Group”	Charter Court and its subsidiaries and subsidiary undertakings
“Charter Court Meetings”	the Court Meeting and the Charter Court General Meeting and, where the context permits, each of them
“Charter Court Permitted Dividend”	has the meaning given to it in paragraph 7 of Part I of this document and paragraph 10 of Part II of this document
“Charter Court Shareholders”	the holders of Charter Court Shares
“Charter Court Share Plans”	the Charter Court Performance Share Plan 2017, the Charter Court Deferred Bonus Plan 2017 and the Charter Court Sharesave Scheme
“Charter Court Shares”	the existing unconditionally allotted or issued and fully paid ordinary shares of 1 pence each in the capital of Charter Court and any further such ordinary shares which are unconditionally allotted or issued before the Scheme becomes Effective

“City Code”	the City Code on Takeovers and Mergers
“Clean Team Confidentiality Agreement”	the clean team agreement entered into between OSB and Charter Court on 1 February 2019, as described in paragraph 11 of Part V of this document
“Closing Price”	the closing middle-market price of a share as derived from the Daily Official List of the London Stock Exchange
“CMA”	the UK Competition and Markets Authority, the competent UK authority, department of the government of the United Kingdom, responsible for competition
“CMA Phase 2 Reference”	a reference under section 33 of the Enterprise Act 2002
“Combination”	the proposed acquisition by OSB of the entire issued and to be issued ordinary share capital of Charter Court, to be effected by means of the Scheme or, should OSB so elect and subject to the consent of the Panel and the terms of the Co-operation Agreement, by means of an Offer and, where the context permits, any subsequent revision, variation, extension or renewal thereof
“Combined Group”	the enlarged group comprising the OSB Group and the Charter Court Group following completion of the Combination
“Companies Act”	the UK Companies Act 2006 (as amended from time to time)
“Conditions”	the conditions to the implementation of the Combination, as set out in Part III of this document
“Confidentiality Agreement”	the non-disclosure agreement entered into between OSB and Charter Court on 19 November 2018, as described in paragraph 11 of Part V of this document
“Confidentiality and Joint Defence Agreement”	the confidentiality and joint defence agreement entered into between OSB and Charter Court on 14 February 2019, as described in paragraph 11 of Part V of this document
“Consideration”	the consideration payable to Charter Court Shareholders pursuant to the Combination, comprising 0.8253 New OSB Shares per Charter Court Share
“Co-operation Agreement”	the agreement dated 14 March 2019 between OSB and Charter Court which relates, among other things, to the implementation of the Combination
“Court”	the High Court of Justice in England and Wales
“Court Meeting”	the meeting or meetings of the Scheme Shareholders (or any class or classes thereof) to be convened by order of the Court pursuant to section 899 of the Companies Act for the purpose of considering and, if thought fit, approving the Scheme (with or without amendment) and any adjournment, postponement or reconvention thereof
“Credit Suisse”	Credit Suisse International
“CREST”	the relevant system (as defined in the Uncertificated Securities Regulations 2001 (SI 2001/3755)) in respect of which Euroclear UK & Ireland Limited is the Operator (as defined in those Regulations) in accordance with which securities may be held and transferred in uncertificated form

“CREST Manual”	the CREST manual referred to in agreements entered into by Euroclear
“CREST Proxy Instruction”	the appropriate CREST message properly authenticated in accordance with Euroclear’s specifications and which contains the information required for such instructions, as described in the CREST Manual
“Daily Official List”	the daily official list of the London Stock Exchange
“Dealing Disclosure”	has the same meaning as in Rule 8 of the City Code
“Disclosed”	<p>in respect of the Wider Charter Court Group, the information fairly disclosed by or on behalf of Charter Court: (i) in the annual report and accounts of Charter Court for the financial year ended 31 December 2017; (ii) in the Charter Court half year results announcement released on 21 August 2018 in respect of the six-month period ended 30 June 2018; (iii) in the Firm Offer Announcement; (iv) in any other public announcement to a Regulatory Information Service by, or on behalf of, Charter Court prior to the publication of the Firm Offer Announcement made by Charter Court in accordance with the Market Abuse Regulation, Listing Rules or Disclosure Rules or Transparency Rules after 31 December 2017; or (v) as otherwise fairly disclosed in writing prior to the date of the Firm Offer Announcement by, or on behalf of, Charter Court to OSB (or its respective officers, employees, agents or advisers in their capacity as such); and</p> <p>in respect of the Wider OSB Group in relation to Condition 4(I), the information fairly disclosed by or on behalf of OSB: (i) in the annual report and accounts of OSB for the financial year ended 31 December 2017; (ii) in the OSB half year results announcement released on 23 August 2018 in respect of the six-month period ended 30 June 2018; (iii) in the Firm Offer Announcement; (iv) in any other public announcement to a Regulatory Information Service by, or on behalf of, OSB prior to the publication of the Firm Offer Announcement made by OSB in accordance with the Market Abuse Regulation, Listing Rules or Disclosure Rules or Transparency Rules after 31 December 2017; or (v) as otherwise fairly disclosed in writing prior to the date of the Firm Offer Announcement by, or on behalf of, OSB to Charter Court (or its respective officers, employees, agents or advisers in their capacity as such)</p>
“Disclosure Guidance and Transparency Rules”	the disclosure guidance and transparency rules made by the FCA and forming part of the FCA’s handbook of rules and guidance, as amended from time to time
“Effective”	the Scheme having become effective in accordance with its terms
“Effective Date”	the date on which either: (i) the Scheme becomes Effective; or (ii) if OSB elects to implement the Combination by means of an Offer, the date on which the Offer becomes or is declared unconditional in all respects
“Elliott”	Elliott International L.P. and The Liverpool Limited Partnership
“Equiniti”	Equiniti Limited, a company incorporated in England and Wales with registered number 06226088 and whose registered office is at Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA
“Euroclear”	Euroclear UK & Ireland Limited, a company incorporated in England and Wales with registered number 02878738

“Excluded Shares”	any Charter Court Shares which are registered in the name of, or beneficially owned by, OSB or any member of the OSB Group or their respective nominees or held in treasury
“Explanatory Statement”	the explanatory statement relating to the Scheme, as set out in Part II of this document, which together with the documents incorporated therein constitute the explanatory statement relating to the Scheme as required by section 897 of the Companies Act.
“FCA” or “Financial Conduct Authority”	the Financial Conduct Authority acting in its capacity as the competent authority for the purposes of Part VI of FSMA (including the FCA acting in the capacity of performing its UKLA functions)
“Firm Offer Announcement”	the joint announcement by OSB and Charter Court relating to the Combination, dated 14 March 2019, made pursuant to Rule 2.7 of the City Code
“Forms of Proxy”	either or both of the BLUE form of proxy for use at the Court Meeting and the YELLOW form of proxy for use at the Charter Court General Meeting which accompany this document, as the context requires
“FSMA”	the Financial Services and Markets Act 2000 (as amended from time to time)
“holder”	a registered holder and includes any person (or persons) entitled by transmission
“IFRS”	the International Financial Reporting Standards
“KPMG”	KPMG LLP
“Latest Practicable Date”	13 May 2019, being the latest practicable date prior to the publication of this document
“Listing Rules”	the listing rules and regulations made by the FCA as part of its UKLA functions pursuant to Part VI of the FSMA, and contained in the FCA’s publication of the same name
“London Stock Exchange”	London Stock Exchange plc
“Longstop Date”	31 October 2019 or such later date as may be agreed in writing by OSB and Charter Court (with the Panel’s consent and as the Court may approve (if such approval(s) is or are required))
“Main Market”	the Main Market of the London Stock Exchange
“Market Abuse Regulation”	Regulation (EU) No. 596/2014 of the European Parliament and the Council of 16 April 2014 on market abuse (and/or, as applicable, such regulation as it forms part of the domestic UK law by virtue of section 3 of the European Union (Withdrawal) Act 2018, as amended from time to time)
“Merian”	Merian Global Investors (UK)
“MREL”	minimum requirements for own funds and eligible liabilities
“New OSB Shares”	the new OSB Shares proposed to be issued to Charter Court Shareholders in connection with the Combination or in consideration

for the transfer to OSB of Charter Court Shares pursuant to the articles of association of Charter Court, as amended by the Special Resolution

“Offer”	if, subject to the consent of the Panel and the terms of the Co-operation Agreement, the Combination is implemented by way of a takeover offer as defined in Chapter 3 of Part 28 of the Companies Act, the offer to be made by or on behalf of OSB to acquire the entire issued and to be issued ordinary share capital of Charter Court and, where the context permits, any subsequent revision, variation, extension or renewal of such offer
“Offer Document”	should the Combination be implemented by means of the Offer, the offer document published by or on behalf of OSB in connection with the Offer containing, <i>inter alia</i> , the terms and conditions of the Offer
“Offer Period”	the offer period beginning on 9 March 2019 and ending on the earlier of the date on which the Scheme becomes Effective and/or the date on which the Scheme lapses or is withdrawn (or such other date as the Panel may decide)
“Official List”	the official list of the FCA
“Opening Position Disclosure”	an announcement containing details of interests or short positions in, or rights to subscribe for, any relevant securities of a party to the offer if the person concerned has such a position
“OSB”	OneSavings Bank plc, a public limited company incorporated in England with registered number 07312896
“OSB 2018 Annual Report and Accounts”	OSB’s annual report and audited accounts for the year ended 31 December 2018 (which includes the OSB Group’s audited historical financial statements for the year ended 31 December 2018)
“OSB Board”	the OSB Directors collectively
“OSB Circular”	the circular relating to the approval of the Combination to be sent by OSB to OSB Shareholders summarising the background to and reasons for the Combination, which will include a notice convening the OSB General Meeting
“OSB Directors”	the directors of OSB as at the date of this document or, where the context so requires, the directors of OSB from time to time
“OSB Equalising Dividend”	has the meaning given to it in paragraph 10 of Part II of this document
“OSB General Meeting”	the general meeting of OSB Shareholders (including any adjournment thereof) to be convened for the purpose of considering and, if thought fit, approving the OSB Resolution (as well as any other incidental or related matter that OSB may wish to place before such meeting), notice of which will be sent to OSB Shareholders
“OSB Group”	OSB and its subsidiaries and subsidiary undertakings from time to time and, where the context permits, each of them
“OSB Permitted Dividend”	has the meaning given to it in paragraph 7 of Part I of this document and paragraph 10 of Part II of this document

“OSB Prospectus”	the prospectus to be published by OSB at or around the same time as this document in respect of the New OSB Shares to be issued to Charter Court Shareholders in connection with the Combination and for the purpose of Admission
“OSB Resolutions”	means the shareholder resolutions of OSB necessary to approve, effect and implement the Combination, including, without limitation, to: (i) approve the Combination as a “class 1 transaction” for the purposes of the Listing Rules; and (ii) grant authority to the OSB Directors to allot the New OSB Shares (and any amendment(s) thereof)
“OSB Shareholders”	the holders of OSB Shares
“OSB Shares”	the allotted and issued ordinary shares of 1 pence each in the capital of OSB
“Overseas Shareholders”	Charter Court Shareholders (or nominees of, or custodians or trustees for Charter Court Shareholders) not resident in, or nationals or citizens of, the United Kingdom
“Panel”	the Panel on Takeovers and Mergers
“Possible Offer Announcement”	the joint announcement by OSB and Charter Court relating to the possible Combination, dated 9 March 2019, made pursuant to Rule 2.4 of the City Code
“pounds” or “£” or “sterling”	the lawful currency of the United Kingdom from time to time
“PRA”	the Prudential Regulation Authority of the United Kingdom or its successor from time to time
“Proposed OSB Directors”	the Charter Court Directors proposed to join the board of the Combined Group, being Noël Harwerth, Rajan Kapoor, Tim Brooke and Ian Ward as Non-Executive Directors and Sir Malcolm Williamson as Chairman
“Quantified Financial Benefits Statement”	the statements of estimated cost savings and synergies arising out of the Combination set out in Appendix I to this document
“RBC Capital Markets”	RBC Europe Limited (trading as RBC Capital Markets)
“Registrar of Companies”	the registrar of companies in England and Wales
“Regulatory Information Service”	means a regulatory information service as defined in the Listing Rules
“Restricted Jurisdiction”	any jurisdiction where local laws or regulations may result in a significant risk of civil, regulatory or criminal exposure if information concerning the Combination is sent or made available to Charter Court Shareholders in that jurisdiction
“Restricted Overseas Person”	any Charter Court Shareholder who (A) is resident, located or has a registered address in a jurisdiction outside the United Kingdom or United States, or (B) whom OSB reasonably believes to be a citizen, resident or national of a jurisdiction outside the United Kingdom or United States; and in each case, in respect of whom OSB is advised that the law of a country or territory outside the United Kingdom and the United States: (i) precludes the allotment, issue and/or delivery to that Charter Court Shareholder of OSB Shares; or

- (ii) precludes the allotment, issue and/or delivery to that Charter Court Shareholder of OSB Shares, except after compliance by Charter Court or OSB (as the case may be) with any governmental or other consent or any registration, filing or other formality with which Charter Court and/or OSB is unable to comply or compliance with which Charter Court and/or OSB (as the case may be) regards as unduly onerous

“Rothschild & Co”	N. M. Rothschild & Sons Limited
“Scheme”	the proposed scheme of arrangement under Part 26 of the Companies Act between Charter Court and Charter Court Shareholders as set out in Part VI of this document, with or subject to any modification, addition or condition approved or imposed by the Court and agreed to by Charter Court and OSB
“Scheme Court Order”	the order of the Court sanctioning the Scheme under section 899 of the Companies Act
“Scheme Court Sanction Hearing”	the hearing of the Court to sanction the Scheme pursuant to section 899 of the Companies Act and any adjournment, postponement or reconvening thereof
“Scheme Document” or “this document”	the document in respect of the Scheme sent to (among others) Charter Court Shareholders, containing and setting out (among other matters) the full terms and conditions of the Scheme and containing the notices convening the Court Meeting and the Charter Court General Meeting
“Scheme Record Time”	6.00 p.m. on the Business Day immediately before the Effective Date
“Scheme Shareholder”	a holder of one or more Scheme Shares
“Scheme Shares”	Charter Court Shares: <ul style="list-style-type: none">(i) in issue at the date of this document;(ii) (if any) issued after the date of this document and prior to the Voting Record Time; and(iii) (if any) issued at or after the Voting Record Time and on or before the Scheme Record Time on terms that the holder thereof will be bound by the Scheme or in respect of which the original or any subsequent holders thereof will have agreed in writing to be bound by the Scheme, and in each case remaining in issue at the Scheme Record Time, but excluding any Excluded Shares
“SEC”	The United States Securities and Exchange Commission
“Shareholder Approval Longstop Date”	30 June 2019 or such other date as may be agreed in writing by OSB and Charter Court
“Significant Interest”	in relation to an undertaking, a direct or indirect interest of 20 per cent. or more of the total voting rights conferred by the equity share capital of such undertaking
“Special Resolution”	the special resolution to be proposed by Charter Court at the Charter Court General Meeting in connection with, among other things, the approval of the Scheme, the alteration of the Articles and such other matters as may be necessary to implement the Scheme and the delisting of Charter Court Shares

“subsidiary”, “subsidiary undertaking”, “associated undertaking” and “undertaking”	have the meanings given by the Companies Act
“Switch”	the implementation of the Combination by way of an Offer rather than the Scheme
“Third Party”	each of a central bank, government or governmental, quasi-governmental, supranational, statutory, regulatory, environmental, administrative, fiscal or investigative body, court, trade agency, association, institution, employee representative body, any entity owned or controlled by any relevant government or state, or any other body or person whatsoever in any jurisdiction
“uncertificated” or “in uncertificated form”	in relation to a share or other security, a share or other security which is recorded in the relevant register of Charter Court as being held in uncertificated form in CREST, and title to which, by virtue of the Uncertificated Securities Order, may be transferred by means of CREST
“Uncertificated Securities Order”	the Uncertificated Securities Regulations 2001 (SI 2001 No.3755)
“United Kingdom” or “UK”	the United Kingdom of Great Britain and Northern Ireland
“United States” or “US”	the United States of America, its territories and possessions, any state of the United States of America and the District of Columbia
“US Securities Act”	US Securities Act of 1933 (as amended), and the rules and regulations promulgated thereunder
“Voting Record Time”	6.30 p.m. on the day which is two days before the date of the Court Meeting or, if the Court Meeting is adjourned, 6.30 p.m. on the day which is two days before the date set for the adjourned Court Meeting
“Wider Charter Court Group”	Charter Court and its subsidiaries, subsidiary undertakings, associated undertakings and any other body corporate, partnership, joint venture or person in which Charter Court and/or such subsidiaries or undertakings (aggregating their interests) have a Significant Interest
“Wider OSB Group”	and its subsidiaries, subsidiary undertakings, associated undertakings and any other body corporate, partnership, joint venture or person in which OSB and/or such subsidiaries or undertakings (aggregating their interests) have a Significant Interest

**PART VIII
NOTICE OF COURT MEETING**

**IN THE HIGH COURT OF JUSTICE
BUSINESS AND PROPERTY COURTS
OF ENGLAND AND WALES
COMPANIES COURT (ChD)
DEPUTY ICC JUDGE MIDDLETON**

CR-2019-002197

IN THE MATTER OF CHARTER COURT FINANCIAL SERVICES GROUP PLC

- and -

IN THE MATTER OF THE COMPANIES ACT 2006

NOTICE IS HEREBY GIVEN that, by an Order dated 13 May 2019 made in the above matters, the Court has given permission for a meeting (the “**Court Meeting**”) to be convened of the Scheme Shareholders as at the Voting Record Time (each as defined in the scheme of arrangement referred to below) for the purpose of considering and, if thought fit, approving (with or without modification) a scheme of arrangement (the “**Scheme of Arrangement**”) proposed to be made pursuant to Part 26 of the Companies Act 2006 (as amended) between Charter Court Financial Services Group plc (the “**Company**”) and the Scheme Shareholders as at the Scheme Record Time, and that such meeting shall be held at the offices of Linklaters LLP at One Silk Street, London EC2Y 8HQ on 6 June 2019 at 10.30 a.m., at which place and time all Scheme Shareholders are requested to attend either in person or by proxy.

A copy of the Scheme of Arrangement and a copy of the explanatory statement required to be furnished pursuant to section 897 of the Companies Act 2006 are incorporated in the document of which this Notice forms part.

Voting on the resolution to approve the Scheme of Arrangement will be by poll, which shall be conducted as the Chairman of the Court Meeting may determine.

Right to Appoint a Proxy; Procedure for Appointment

Scheme Shareholders entitled to attend, speak and vote at the Court Meeting may vote in person at the Court Meeting or they may appoint another person, whether a member of the Company or not, as their proxy to attend, speak and vote at the Court Meeting in their stead.

A proxy need not be a member of the Company.

A BLUE Form of Proxy for use in connection with the Court Meeting is enclosed with this Notice or shall be sent in a separate mailing to those Scheme Shareholders who have elected or been deemed to consent to receive documents and notices from the Company by means of the Company’s website. To appoint a proxy, either: (a) lodge the BLUE Form of Proxy (together with any power of attorney or other authority (if any) under which it is signed, or a duly certified copy thereof) by post or (during normal business hours only) by hand with the Company’s Registrars, Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA, UK; or (b) lodge the proxy appointment using the online Sharevote service or CREST proxy voting service as described in “*Online Voting*” and “*CREST proxy instructions*” below.

All proxy appointments, whether postal, by hand or electronic, must be received by 10.30 a.m. on 4 June 2019 (or, in the case of an adjournment of the Court Meeting, not less than 48 hours before the time appointed for the adjourned meeting). If not so lodged, BLUE Forms of Proxy (together with any relevant authority, if applicable) may be handed to a representative of Equiniti at the venue of the Court Meeting or the Chairman of the Court Meeting before the start of the Court Meeting.

If two or more valid but differing proxy appointments are received in respect of the same Scheme Share for use at the Court Meeting, the one which is last received (regardless of its date or of the date of its execution) shall be treated as replacing and revoking the others as regards that share and if the Company is unable to determine which was last deposited, none of them shall be treated as valid in respect of that share.

Completion and return of the BLUE Form of Proxy, or the appointment of a proxy electronically through the Sharevote service or CREST, shall not prevent a Scheme Shareholder from attending, speaking and voting in person at the Court Meeting or any adjournment thereof.

In the event of a poll on which a Scheme Shareholder votes in person, his/her proxy votes previously lodged with Equiniti, through CREST or using the online Sharevote service will be excluded.

Multiple Proxies

A space has been included in the BLUE Form of Proxy to allow Scheme Shareholders to specify the number of Scheme Shares in respect of which that proxy is appointed. Scheme Shareholders who return the BLUE Form of Proxy duly executed but leave this space blank shall be deemed to have appointed the proxy in respect of all their Scheme Shares.

Scheme Shareholders are also entitled to appoint more than one proxy, provided that each proxy is appointed to exercise the rights attached to a different Scheme Share. If you wish to appoint more than one proxy, photocopy the BLUE Form of Proxy or request additional forms by calling Equiniti Limited on 0333 207 6509 (if you are calling from within the UK) or +44 121 415 0985 (if you are calling from outside the UK) between 8.30 a.m. and 5.30 p.m., Monday to Friday (excluding public holidays in England and Wales). Calls are charged at the standard geographic rate and will vary by provider. Calls from outside the UK will be charged at the applicable international rate. You should also indicate by ticking the box provided if the proxy is one of multiple instructions being given, fill in the name of the proxy and the number of shares in respect of which the proxy is appointed and return the multiple forms together (please ensure that all of the multiple BLUE Forms of Proxy in respect of one registered holding are sent in the same envelope) by the time and date referred to above. Scheme Shareholders appointing more than one proxy should also read the information regarding the appointment of multiple proxies set out on page 11 of the document of which this Notice forms part and on the BLUE Form of Proxy.

Online Voting

Scheme Shareholders may also appoint a proxy or proxies electronically via Equiniti's website at www.sharevote.co.uk and using the Voting ID, Task ID and Shareholder Reference Number shown on the BLUE Form of Proxy. Alternatively, if you have already registered with Sharevote, you can submit your proxy or proxies by logging on to your portfolio using your usual user ID and password. A proxy appointment made electronically will not be valid if sent to any address other than that provided. Full details of the procedure to be followed to appoint a proxy electronically are given on Equiniti's website at www.sharevote.co.uk.

CREST proxy instructions

Scheme Shareholders who hold their Scheme Shares in uncertificated form through CREST may appoint a proxy or proxies through the CREST proxy voting service and may do so by using the procedures described in the CREST Manual. Further details concerning these procedures are set out on page 12 of the document of which this Notice forms part.

Voting Record Time

Entitlement to attend, speak and vote at the Court Meeting or any adjournment thereof and the number of votes which may be cast thereat shall be determined by reference to the register of members of the Company as at 6.30 p.m. on 4 June 2019 or, if the Court Meeting is adjourned, the register of members of the Company as at 6.30 p.m. on the date falling two calendar days before the date appointed for such adjourned meeting (as the case may be). In each case, changes to the register of members of the Company after such time shall be disregarded in determining the rights of any person to attend, speak and vote at the Court Meeting.

Nominated persons

The right to appoint a proxy does not apply to persons whose shares are held on their behalf by another person and who have been nominated to enjoy information rights in accordance with Section 146 of the Companies Act 2006 or Article 90 of the articles of association of the Company (a "**nominated person**"). Nominated persons may have a right under an agreement with the member who holds the shares on their behalf to be appointed (or to have someone else appointed) as a proxy. Alternatively, if nominated persons do not have such a right, or do not wish to exercise it, they may have a right under such an agreement to give instructions to the person holding the shares as to the exercise of voting rights.

Joint holders

In the case of joint holders of Scheme Shares at the Voting Record Time, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the vote(s) of the other joint holder(s). For this purpose, seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the joint holding (the first named being the most senior).

Corporate representatives

As an alternative to appointing a proxy, any Scheme Shareholder as at the Voting Record Time which is a body corporate may appoint one or more representatives who may exercise on its behalf all its powers as a member, provided that no more than one corporate representative exercises powers over the same Scheme Share.

Chairman

By the said Order, the Court has appointed Sir Malcolm Williamson or, failing him, Philip Jenks or, failing him, any other director of the Company, to act as Chairman of the Court Meeting and has directed the Chairman to report the result thereof to the Court.

The Scheme of Arrangement shall be subject to the subsequent sanction of the Court.

Dated 15 May 2019

LINKLATERS LLP
One Silk Street
London EC2Y 8HQ
Solicitors for the Company

**PART IX
NOTICE OF GENERAL MEETING**

**CHARTER COURT FINANCIAL SERVICES GROUP PLC
(the “Company”)**

(Registered in England and Wales with registered number 6712054)

NOTICE IS HEREBY GIVEN that a GENERAL MEETING of the Company (the “**General Meeting**”) shall be held at the offices of Linklaters LLP at One Silk Street, London EC2Y 8HQ on 6 June 2019 at 10.45 a.m. (or as soon thereafter as the Court Meeting (as defined in the document of which this Notice forms part) has concluded or been adjourned) for the purpose of considering and, if thought fit, passing the following resolution which shall be proposed as a special resolution:

SPECIAL RESOLUTION

1 THAT:

- (1) for the purpose of giving effect to the scheme of arrangement dated 15 May 2019 (the “**Scheme**”) between the Company and its Scheme Shareholders (as defined in the Scheme), a print of which has been produced to this meeting and for the purposes of identification signed by the chairman thereof, in its original form sent to shareholders of the Company on 15 May 2019 or (as applicable) subject to any modification, addition or condition agreed by the Company and OneSavings Bank plc (“**OSB**”) and approved or imposed by the Court (as defined in the document of which this Notice forms part), the directors of the Company be authorised to take all such action as they may consider necessary or appropriate for carrying the Scheme into effect; and
- (2) with effect from the passing of this resolution, the articles of association of the Company be amended by the adoption and inclusion of the following new article 185:

“185 SCHEME OF ARRANGEMENT

- (A) In this Article, the “**Scheme**” means the scheme of arrangement dated 15 May 2019 between the Company and its Scheme Shareholders (as defined in the Scheme) under Part 26 of the Companies Act 2006 in its original form as sent to shareholders of the Company on 15 May 2019 or with or subject to any modification, addition or condition agreed by the Company and OneSavings Bank plc (“**OSB**”) and approved or imposed by the Court and (save as defined in this Article) expressions defined in the Scheme shall have the same meanings in this Article.
- (B) Notwithstanding any other provision of these Articles or the terms of any resolution, whether ordinary or special, passed by the Company in any general meeting, if the Company issues any shares (other than to OSB, any member of the OSB Group or their respective nominee(s)) at any time after the adoption of this Article and at or before the Scheme Record Time, such shares shall be issued subject to the terms of the Scheme (and shall be Scheme Shares for the purposes thereof) and the original or any subsequent holder or holders of such shares shall be bound by the Scheme accordingly.
- (C) Notwithstanding any other provision of these Articles, and subject to the Scheme becoming Effective, if any shares are issued to any person (a “**New Member**”) (other than under the Scheme or to OSB, any member of the OSB Group or their respective nominee(s)), at any time after the Scheme Record Time (the “**Post-Scheme Shares**”), they shall, at the Scheme Effective Time or, if later, on issue, be immediately transferred to OSB (or as it may direct) in consideration of (subject as hereinafter provided) the allotment and issue or transfer to the New Member of such number of OSB Shares (the “**Consideration Shares**”) (and the payment of cash in respect of fractional entitlements, as described in paragraph (F) of this Article) that the New Member would have been entitled to under the Scheme had each Post-Scheme Share been a Scheme Share, provided that if, in respect of any New Member who is resident, located or has a registered address in a jurisdiction outside the United Kingdom or the United States or whom OSB reasonably believes to be a citizen, resident or national of a jurisdiction outside the United Kingdom or the United States, OSB is advised that the law of a country or territory outside the United Kingdom and the United States: (i) precludes the allotment, issue and/or delivery to that New Member of Consideration Shares; or (ii) precludes the matters referred to in (i) except after compliance by the Company or OSB (as the case may be) with any governmental or other consent or any registration, filing or

other formality with which the Company and/or OSB is unable to comply or compliance with which the Company and/or OSB (as the case may be) regards as unduly onerous, then OSB may, in its sole discretion, either: (a) determine that such Consideration Shares shall not be allotted, issued and delivered to such New Member, but shall instead be allotted, issued and delivered to a person appointed by OSB for such New Member on terms that such person shall, as soon as practicable following the allotment and issue of such New OSB Shares, sell the New OSB Shares so issued; or (b) determine that such Consideration Shares shall not be allotted, issued and delivered to such New Member, but instead a cash amount equal to the value of the Consideration Shares shall be paid to the New Member as soon as practicable, save that any fractional cash entitlements shall be rounded down to the nearest whole penny. In the event that the Consideration Shares are to be sold pursuant to point (a), the Company shall appoint a person to act, and who shall be authorised, as attorney or agent for the New Member pursuant to this Article and such person shall be authorised on behalf of such New Member to execute and deliver as transferor a form of transfer or other instrument or instruction of transfer on behalf of the New Member and to give such instructions and to do all other things which he or she may consider necessary or expedient in connection with such sale. The net proceeds of such sale (after the deduction of all expenses and commissions incurred in connection with such sale, including any value added tax payable on the proceeds of sale) shall be paid to the persons entitled thereto in due proportion as soon as practicable following such sale, save that any fractional cash entitlements shall be rounded down to the nearest whole penny.

- (D) The Consideration Shares allotted and issued or transferred to a New Member pursuant to paragraph (C) of this Article shall be credited as fully paid and shall rank *pari passu* in all respects with the OSB Shares in issue at that time (other than as regards any dividend or other distribution payable by reference to a record date preceding the date of allotment or transfer).
- (E) On any reorganisation of, or material alteration to, the share capital of either the Company or OSB (including, without limitation, any subdivision and/or consolidation) effected after the Scheme Effective Time, the number of Consideration Shares to be allotted and issued or transferred to a New Member for each Post-Scheme Share pursuant to paragraph (C) of this Article may be adjusted by the Directors in such manner as the auditors of the Company may determine to be appropriate to reflect such reorganisation or alteration. References in this Article to Ordinary Shares, Consideration Shares and Post-Scheme Shares shall, following such adjustment, be construed accordingly.
- (F) No fraction of a Consideration Share shall be allotted, issued or transferred to a New Member pursuant to this Article. Any fraction of a Consideration Share to which a New Member would otherwise have become entitled shall be aggregated with the fractional entitlements of any other New Members whose shares are being transferred under this Article on the same date and the maximum whole number of Consideration Shares resulting therefrom shall be allotted and issued to a person appointed by OSB to hold such Consideration Shares on behalf of the relevant New Members. Such Consideration Shares shall then be sold in the market as soon as practicable after the Scheme Effective Time, or, if later, their allotment and issue, and the net proceeds of sale (after the deduction of all commissions and expenses incurred in connection with such sale, including any value added tax payable on the proceeds of sale) shall be paid in sterling in due proportion to the persons entitled thereto (rounded down to the nearest penny). However, fractional entitlements to amounts (after the deduction of all commissions and expenses incurred in connection with such sale, including any value added tax payable on the proceeds of sale) of £1.00 or less shall not be paid to the relevant New Members who would otherwise be entitled to them, but shall be retained for the benefit of OSB.
- (G) To give effect to any transfer of Post-Scheme Shares, the Company may appoint any person as attorney (on the basis that any such appointment shall be irrevocable for a period of two months from the date upon which such New Member is issued the Post-Scheme Shares for that New Member) or agent for the New Member to transfer the Post-Scheme Shares to OSB and/or its nominee(s) and do all such other things and execute and deliver all such documents as may in the opinion of the attorney or agent be necessary or desirable to vest the Post-Scheme Shares in OSB or its nominee(s) and pending such vesting to exercise all such rights attaching to the Post-Scheme Shares as OSB may direct. If an attorney or agent is so appointed, the New Member shall not thereafter (except to the extent that the attorney or agent fails to act in accordance with the directions of OSB) be entitled to exercise any rights attaching to the Post-Scheme Shares unless so agreed by OSB. The attorney or agent shall be empowered to execute and deliver as transferor a

form or forms of transfer or other instrument(s) or instruction(s) of transfer on behalf of the New Member in favour of OSB and/or its nominee(s) and the Company may give a good receipt for the consideration for the Post-Scheme Shares and may register OSB and/or its nominee(s) as holder thereof and issue to it certificates for the same. The Company shall not be obliged to issue a certificate to the New Member for the Post-Scheme Shares. OSB shall, subject to paragraph (C) of this Article, allot and issue or transfer the Consideration Shares to the New Member (and send a cheque in respect of any fractional entitlements in accordance with paragraph (F) of this Article and in circumstances where the provision in paragraph (C) of this Article applies) within 10 business days of the issue of the Post-Scheme Shares to the New Member.

- (H) Notwithstanding any other provision of these Articles, both the Company and the Directors may refuse to register the transfer of any Scheme Shares and/or any Post-Scheme Shares between the Scheme Record Time and the Scheme Effective Time.”

By order of the Board

15 May 2019

Eversecretary
Company Secretary

Registered office
Charter Court Financial Services Group plc
2 Charter Court
Broadlands
Wolverhampton
WV10 6TD

Notes to the Notice of General Meeting:

Proxies

1. A member of the Company is entitled to attend, speak and vote at the General Meeting and to appoint another person as his or her proxy to exercise all or any of his or her rights to attend, speak and vote at the General Meeting. A proxy need not be a shareholder of the Company.
2. A YELLOW Form of Proxy for use in connection with the General Meeting is enclosed with this Notice or shall be sent in a separate mailing to those shareholders who have elected or been deemed to consent to receive documents and notices from the Company by means of the Company's website. To appoint a proxy: either (a) lodge the YELLOW Form of Proxy (together with any power of attorney or other authority (if any) under which it is signed, or a duly certified copy thereof), by post or (during normal business hours only) by hand with the Company's registrars, Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA, UK; or (b) lodge the proxy appointment using the online Sharevote or CREST proxy voting service as described below in Notes 11 and 17 to 20.
3. **All proxy appointments, whether postal, by hand or electronic, must be received by 10.45 a.m. on 4 June 2019 (or, in the case of an adjournment of the General Meeting, not less than 48 hours before the time appointed for the adjourned meeting).**
4. If you do not have a YELLOW Form of Proxy and believe that you should have one, or if you require additional forms, please contact the Company's registrars, Equiniti on 0333 207 6509 (if calling from within the UK) or on +44 121 415 0985 (if calling from outside the UK). Calls outside the United Kingdom will be charged at the applicable international rate. The helpline is open between 8.30 a.m. and 5.30 p.m., Monday to Friday, excluding public holidays in England and Wales. Please note that Equiniti cannot provide any financial, legal or tax advice and calls may be recorded and monitored for security and training purposes.
5. In the case of a member which is a company, the YELLOW Form of Proxy must be executed under its common seal or signed on its behalf by an agent or officer authorised for that purpose.
6. **Completion and return of the Yellow Form of Proxy, or the appointment of a proxy electronically through the Sharevote service or CREST, shall not prevent a shareholder from attending, speaking and voting in person at the General Meeting or any adjournment thereof.**

In the event of a poll on which a Charter Court Shareholder votes in person, his/her proxy votes previously lodged with Equiniti, through CREST or using the online Sharevote service will be excluded.

7. An abstention option has been included on the YELLOW Form of Proxy. A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution. If no voting indication is given, your proxy will vote or abstain from voting at his or her discretion.

Multiple Proxies

8. A space has been included in the YELLOW Form of Proxy to allow shareholders to specify the number of shares in respect of which that proxy is appointed. Shareholders who return the YELLOW Form of Proxy duly executed but leave this space blank shall be deemed to have appointed the proxy in respect of all their shares.
9. A member may also appoint more than one proxy in relation to the General Meeting, provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that member. If you wish to appoint more than one proxy, photocopy the YELLOW Form of Proxy or request additional forms by calling Equiniti Limited on 0333 207 6509 (if you are calling from within the UK) or +44 121 415 0985 (if you are calling from outside the UK) between 8.30 a.m. and 5.30 p.m. Monday to Friday (excluding public holidays in England and Wales). Calls are charged at the standard geographic rate and will vary by provider. Calls from outside the UK will be charged at the applicable international rate. You should also indicate by ticking the box provided if the proxy is one of multiple instructions being given, fill in the name of the proxy and the number of shares in respect of which the proxy is appointed and return the multiple forms together (please ensure that all of the multiple YELLOW Forms of Proxy in respect of one registered holding are sent in the same envelope if possible) by the time and date referred to above. Shareholders appointing more than one proxy should also read the information regarding the appointment of multiple proxies set out on page 11 of the document of which this Notice forms part and on the YELLOW Form of Proxy.
10. If two or more valid but differing proxy appointments are received in respect of the same share for use at the General Meeting, the one which is last received (regardless of its date or of the date of its execution) shall be treated as replacing and revoking the others as regards that share and if the Company is unable to determine which was last deposited, none of them shall be treated as valid in respect of that share.

Online voting

11. Scheme Shareholders may also appoint a proxy or proxies electronically via Equiniti's website at www.sharevote.co.uk and using the Voting ID, Task ID and Shareholder Reference Number shown on the YELLOW Form of Proxy. Alternatively, if you have already registered with Sharevote, you can submit your proxy or proxies by logging on to your portfolio using your usual user ID and password. Once logged in simply click "View" on the "My Investments" page, click on the link to vote then follow the on-screen instructions. Any electronic communication found to contain a computer virus will not be accepted. A proxy appointment made electronically will not be valid if sent to any address other than that provided.

Full details of the procedure to be followed to appoint a proxy electronically are given on the Sharevote website.

Total voting rights

12. Holders of ordinary shares are entitled to attend and vote at the General Meeting. The total number of issued ordinary shares in the Company on 13 May 2019, being the latest practicable date before the publication of the document of which this Notice forms part, is 239,320,419, carrying one vote each on a poll. Therefore, the total number of voting rights in the Company as at 13 May 2019 is 239,320,419. As at 13 May 2019, the Company held no ordinary shares in treasury.

Voting Record Time

13. Entitlement to attend, speak and vote at the General Meeting (and any adjournment thereof), and the number of votes which may be cast at the General Meeting, will be determined by reference to the Company's register of members at 6.30 p.m. on 4 June 2019 or, if the meeting is adjourned, 6.00 p.m. on the date which is two days before the date set for the adjourned meeting. In each case, changes to the register of members after such time will be disregarded.

Entry to the General Meeting, security arrangements and conduct of proceedings

14. To facilitate entry to the General Meeting, members are requested to bring with them suitable evidence of their identity and the attendance slip which is attached to the Yellow Form of Proxy.

15. Members should note that the doors to the General Meeting will open at 10.00 a.m.
16. Mobile phones may not be used at the General Meeting, and cameras, laptop computers and recording equipment may not be taken into the General Meeting.

CREST proxy instructions

17. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the General Meeting (and any adjournment of the General Meeting) by following the procedures described in the CREST Manual (available via www.euroclear.com). CREST Personal Members or other CREST sponsored members (and those CREST members who have appointed a voting service provider) should refer to their CREST sponsor or voting service provider, who will be able to take the appropriate action on their behalf.
18. In order for a proxy appointment or instruction made by means of CREST to be valid, the appropriate CREST message (a “**CREST Proxy Instruction**”) must be properly authenticated in accordance with Euroclear’s specifications and must contain the information required for such instructions, as described in the CREST Manual. The message (regardless of whether it constitutes the appointment of a proxy or an amendment to the instruction given to a previously appointed proxy) must, in order to be valid, be transmitted so as to be received by the Company’s registrars, Equiniti (CREST participant ID: RA19), by the latest time(s) for receipt of proxy appointments specified in Note 3 above. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which Equiniti is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time, any change of instructions to a proxy appointed through CREST should be communicated to him/her by other means.
19. CREST members (and, where applicable, their CREST sponsors or voting service providers) should note that Euroclear does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider, to procure that his/her CREST sponsor or voting service provider takes) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members (and, where applicable, their CREST sponsors or voting service providers) are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.
20. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

Joint holders

21. In the case of joint holders of shares at the Voting Record Time, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the vote(s) of the other joint holder(s). Seniority is determined by the order in which the names of the joint holders appear in the Company’s register of members in respect of the joint shareholding (the first named being the most senior).

Corporate representatives

22. As an alternative to appointing a proxy, any shareholder of the Company as at the Voting Record Time which is a body corporate may appoint one or more representatives who may exercise on its behalf all its powers as a member, provided that no more than one corporate representative exercises powers over the same share.

Nominated persons

23. The right to appoint a proxy does not apply to persons whose shares are held on their behalf by another person and who have been nominated to enjoy information rights in accordance with Section 146 of the Companies Act 2006 or Article 90 of the articles of association of the Company (a “**nominated person**”). Nominated persons may have a right under an agreement with the member who holds the shares on their behalf to be appointed (or to have someone else appointed) as a proxy. Alternatively, if nominated persons do not have such a right, or do not wish to exercise it, they may have a right under such an agreement to give instructions to the person holding the shares as to the exercise of voting rights.

Automatic poll voting

24. All resolutions to be put to the meeting will be voted on by a poll and not by a show of hands. A poll reflects the number of voting rights exercisable by each member and is considered a more democratic method of voting. The results of the poll will be published on the Company's website and notified to the Financial Conduct Authority once the votes have been counted and verified.

Questions

25. Any member attending the General Meeting has the right to ask questions relevant to the business of the meeting. The Company must cause to be answered any such question relating to the business being dealt with at the General Meeting but no such answer need be given if (a) to do so would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information, (b) the answer has already been given on a website in the form of an answer to a question, or (c) it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.

Information available on the website

26. A copy of this notice and other information required by Section 311A of the Companies Act 2006 can be found at *www.chartercourts.co.uk*.

General queries

27. Except as provided above, shareholders who have general queries about the general meeting should contact the Company's registrars, Equiniti, in writing at Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA, United Kingdom or by telephoning their shareholder helpline on 0333 207 6509 (if calling from within the UK) or on +44 121 415 0985 (if calling from outside the UK). Calls from outside the United Kingdom will be charged at the applicable international rate. The helpline is open between 8.30 a.m. and 5.30 p.m., Monday to Friday, excluding public holidays in England and Wales. No other methods of communication will be accepted. Please note that Equiniti cannot provide any financial, legal or tax advice and calls may be recorded and monitored for security and training purposes. Members may not use any electronic address provided in either this Notice or any related documents (including the enclosed form of proxy) to communicate with the Company for any purposes other than those expressly stated.

Documents on display

28. Copies of the Company's existing articles of association and copies of the articles of association as proposed to be amended by the special resolution set out in this Notice are available for inspection at Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA, United Kingdom and at the Company's registered office at 2 Charter Court, Broadlands, Wolverhampton WV10 6TD, United Kingdom until the opening of business on the day on which the General Meeting is held. These documents will also be available for inspection at the place of the General Meeting for at least 15 minutes prior to the commencement of the meeting until the conclusion thereof.

Appendix I QUANTIFIED FINANCIAL BENEFITS STATEMENTS

Paragraph 5 of Part II of this document contains the following quantified financial benefits statements (the “**Quantified Financial Benefits Statement**”).

A copy of the Quantified Financial Benefits Statement is set out below:

“The OSB Board is confident that, as a direct result of the Combination, the Combined Group will generate meaningful cost synergies and create additional shareholder value. The OSB Board, having reviewed and analysed the potential cost synergies of the Combination, and taking into account the factors they can influence, believes that the Combination will result in £22 million of pre-tax cost synergies on an annual run-rate basis (based on the pro forma results of the Combined Group for the year ended 31 December 2018) by the third anniversary of the completion of the Combination.

The OSB Board expects approximately 30 per cent. of these cost synergies to be achieved by the end of the first 12-month period following completion of the Combination, approximately 75 per cent. by the end of the second 12-month period following completion of the Combination and the full run-rate by the third anniversary of completion of the Combination. On this basis, approximately 10 per cent. of the cost synergies are expected to be recognised in the first 12-month period following completion of the Combination, approximately 40 per cent. in the second 12-month period following completion of the Combination and approximately 90 per cent. in the 12-month period ending on the third anniversary of completion of the Combination.

The OSB Board expects these anticipated quantified cost synergies will accrue as a direct result of the Combination and would not be achieved on a standalone basis.

The quantified cost synergies, which are expected to originate from the cost bases of both OSB and Charter Court, are expected to be realised from:

(A) the appropriate removal of duplicate senior management roles and central and support functions (expected to contribute approximately 50 per cent. of the full run-rate pre-tax cost synergies);

(B) efficiencies from combined lending operations (expected to contribute approximately 20 per cent. of the full run-rate pre-tax cost synergies);

(C) bringing Charter Court’s savings account operations in-house (expected to contribute approximately 20 per cent. of the full run-rate pre-tax cost synergies); and

(D) other operational efficiencies (expected to contribute approximately 10 per cent. of the full run-rate pre-tax cost synergies).

It is expected that the realisation of these quantified cost synergies would give rise to one-off pre-tax costs to achieve of approximately £39 million. These are expected to be phased broadly evenly across a three year period following completion of the Combination.

Aside from the one-off exceptional costs referred to above and the costs associated with the potential acceleration of the Combined Group’s expected MREL requirement, the OSB Board does not expect any material pre-tax dis-synergies to arise in connection with the Combination.”

Bases of belief

In preparing the Quantified Financial Benefits Statement, Charter Court has provided OSB with certain operating and financial information to facilitate a detailed analysis in support of evaluating the potential synergies available from the Combination. In circumstances where data has been limited for commercial, regulatory or other reasons, OSB management has made estimates and assumptions to aid its development of individual synergy initiatives. The assessment and quantification of the potential synergies have, in turn, been informed by the OSB management’s industry experience and knowledge of the existing businesses, together with close consultation with Charter Court.

The cost base used as the basis for the quantified exercise is the combined 2018 cost bases for OSB and Charter Court, consistent with OSB’s audited preliminary results announcement for the financial year ended

31 December 2018 (released by OSB on 14 March 2019) and Charter Court's audited preliminary results announcement for the financial year ended 31 December 2018, provided by Charter Court to OSB (and released by Charter Court on 14 March 2019).

The assessment and quantification of the potential synergies have in turn been informed by OSB management's industry experience as well as their experience of executing and integrating past acquisitions.

In general, the synergy assumptions have in turn been risk adjusted, exercising a degree of prudence in the calculation of the estimated synergy benefit set out above.

The OSB Board has, in addition, made the following assumptions, all of which are outside the influence of OSB:

1. there will be no material impact on the underlying operations of either OSB or Charter Court or their ability to continue to conduct their businesses;
2. there will be no material change to macroeconomic, political, regulatory or legal conditions in the markets or regions in which OSB and Charter Court operate that will materially impact on the implementation or costs to achieve the proposed cost savings;
3. there will be no material change in current foreign exchange rates; and
4. there will be no change in tax legislation or tax rates or other legislation in the United Kingdom that could materially impact the ability to achieve any benefits.

In addition, the OSB Board has assumed that the cost synergies are substantively within OSB's control, albeit that certain elements are dependent in part on negotiations with third parties.

Confirmations

On 14 March 2019, KPMG, as reporting accountants to OSB, and Rothschild & Co and Barclays, as financial advisers to OSB, gave the reports relating to the Quantified Financial Benefits Statements required by Rule 28.1(a) of the City Code. Copies of their reports were included in Parts B and C of Appendix IV of the Firm Offer Announcement.

The OSB Directors confirm that:

1. the Quantified Financial Benefit Statement remains valid; and
2. each of KPMG, Rothschild & Co and Barclays has confirmed to OSB that their respective reports produced in connection with the Quantified Financial Benefit Statement continue to apply.

Notes

The statements of estimated synergies relate to future actions and circumstances which, by their nature, involve risks, uncertainties and contingencies. As a result, the synergies referred to may not be achieved, or may be achieved later or sooner than estimated, or those achieved could be materially different from those estimated.

No statement in the Quantified Financial Benefits Statement, or this document generally, should be construed as a profit forecast or interpreted to mean that OSB's earnings in the full first full year following the Combination, or in any subsequent period, would necessarily match or be greater than or be less than those of OSB and/or Charter Court for the relevant preceding financial period or any other period.

Due to the scale of the Combined Group, there may be additional changes to the Combined Group's operations. As a result, and given the fact that the changes relate to the future, the resulting synergies may be materially greater or less than those estimated.

