

THIS LETTER AND ITS APPENDIX ARE IMPORTANT AND REQUIRE YOUR IMMEDIATE ATTENTION. If you are in any doubt as to the action you should take, you are recommended to seek your own financial advice immediately from your stockbroker, bank manager, accountant or other independent financial adviser authorised under the Financial Services and Markets Act 2000, if you are in the United Kingdom, or from another appropriately authorised independent financial adviser if you are taking advice in a territory outside the United Kingdom.

15 May 2019



Dear Participant

Charter Court Financial Services Group plc Performance Share Plan 2017 and the recommended all-share combination of Charter Court Financial Services Group plc and OneSavings Bank plc

This letter relates to unvested awards under the Performance Share Plan 2017 that are subject to performance conditions.

Please be aware that you will need to take action to realise value from your Awards as this will NOT happen automatically. You can do so by completing and returning the enclosed Exercise Form as soon as practicable and in any event so that it is received by no later than 21 June 2019. Further details and your other choices are explained in this letter.

1 Background

On 14 March 2019, the boards of directors of Charter Court Financial Services Group plc (“**Charter Court**”) and OneSavings Bank plc (“**OSB**”) announced that they had reached agreement on the terms of a recommended all-share combination of Charter Court and OSB (the “**Combination**”).

You are receiving this letter because you hold awards under the Charter Court Performance Share Plan 2017 (the “**Plan**”). This letter explains the effect of the Combination on your award(s) under the Plan (the “**Award(s)**”) and the decisions you need to make as a result. Please read everything in this letter: its contents are very important. If you participate in other Charter Court share plans, then you are also being written to separately about the effect of the Combination on your other awards or options under those plans. Please read those letters carefully.

2 The Combination

Under the Combination, OSB will acquire all of the shares in Charter Court (the “**Charter Court Shares**”), and each Charter Court shareholder will receive 0.8253 shares in OSB (the “**OSB Shares**”) for each Charter Court Share they hold at the relevant time.

The Combination will take place through what is called a “scheme of arrangement” (the “**Scheme**”). This is a procedure that is subject to approval by Charter Court shareholders

and the Court. In summary, once the relevant conditions have been met, and if the Combination is approved by shareholders, the Court will be asked to sanction the Scheme (known as “**Court Sanction**”). The Combination is then expected to complete the following day. The timing of Court Sanction and completion of the Combination is not yet fixed but is expected to occur in the second half of 2019.

Full details of the Combination and the Scheme are set out in the scheme document dated 15 May 2019 (the “**Scheme Document**”). Copies of the Scheme Document and this letter are available on Charter Court’s website at <https://www.chartercourtfs.co.uk/InvestorRelations/Disclaimer> and on the OSB website at <http://www.osb.co.uk/investors/possible-combination-with-charter-court-financial-services/>.

3 How the Combination affects your Award(s)

When will my Award(s) become capable of exercise?

Your Award(s) will, to the extent described below, become exercisable on the date of Court Sanction and, in the normal course, will then remain exercisable for six months. In order to realise value from your Award(s), you therefore need to take action to exercise your Award(s).

How much of my Award(s) will become exercisable?

The extent to which your Award(s) will become capable of exercise will be determined based on two factors:

- Firstly, a reduction will be applied to Awards granted in 2018 and 2019 to reflect the fact that the Awards are becoming exercisable early. This reduction will be of 1/3rd for Awards granted in 2018, and a proportion calculated in accordance with the rules of the Plan depending on when Court Sanction occurs for Awards granted in 2019. Further details of this reduction are set out in the Appendix. A “**Replacement Award**” will then be granted by OSB, to replace the part of the 2018 and 2019 Awards that are subject to this reduction, as explained at Section 4 below.

This reduction will not be applied to Awards granted in 2017 (and therefore no Replacement Award will be granted in respect of Awards granted in 2017).

- Secondly, the extent to which your Award(s) become exercisable will be determined by the Charter Court Remuneration Committee based on the extent to which it determines (in accordance with the rules of the Plan) that the applicable performance conditions have been met.

What happens if I exercise my Award(s)?

If you exercise your Award(s), subject to any necessary withholdings for tax and National Insurance Contributions, you will receive the Charter Court Shares subject to the part of your Award(s) which become exercisable (as set out above). Those Charter Court Shares will then be acquired by OSB and (subject to tax withholdings as referred to above) you will receive 0.8253 OSB Shares for each Charter Court Share.

What happens to any holding period applicable to my Award(s)?

Where Awards are exercised in connection with the Combination, any holding period will cease to apply (so there will be no holding period applicable to any OSB Shares you ultimately receive as a result of exercising your Award(s)).

What happens if I do not exercise my Award(s)?

If the Combination goes ahead and you do not exercise your Award(s) they will lapse six months after the date of Court Sanction and you will not receive any value.

What happens if the Combination does not go ahead?

If the Combination does not happen for any reason, your Award(s) will continue as normal, subject to the rules of the Plan.

4 Replacement Awards

If you hold Awards granted in 2018 and/or 2019, still hold these Awards (without them having lapsed) at the date of Court Sanction and remain in employment immediately following the time at which the Scheme becomes effective you will (unless you ask not to be granted such an award) be granted a Replacement Award by OSB, to replace the part of your 2018 and/or 2019 Awards that is subject to the reduction described in Section 3 above (which will be 1/3rd of a 2018 Award, and a proportion to be calculated depending on when Court Sanction occurs for a 2019 Award). If you hold Awards granted in both 2018 and 2019 in such case you will therefore receive two Replacement Awards.

The Replacement Award(s) will be granted with effect from immediately after the time at which the Scheme becomes effective, over a number of OSB Shares that is equal to 0.8253 OSB Shares for each Charter Court Share that is subject to the reduced part of the 2018 and 2019 Awards. The Replacement Awards will be granted under terms that are substantively the same as the terms of the current OSB Performance Share Plan and subject to the same performance conditions and vesting schedules which apply to awards granted by OSB to its employees in 2018 (for the replacement of Awards granted in 2018) and 2019 (for the replacement of Awards granted in 2019). Please see the Appendix for further details of the Replacement Awards.

5 Your choices

If the Combination goes ahead and you wish to realise value from your Award(s), you need to **take action to exercise them**.

If you wish to exercise your Award(s) you can do so, conditionally on the Combination going ahead, by signing and returning the enclosed Exercise Form.

If you use the enclosed Exercise Form, your Award(s) will be exercised on your behalf, to the fullest extent possible so that, subject to any necessary withholdings for tax and National Insurance Contributions, you will ultimately receive 0.8253 OSB Shares for each Charter Court Share in respect of which your Award(s) are exercised. By using the enclosed Exercise Form the exercise of your Award(s) will be effective on the date of Court Sanction, with Charter Court Shares delivered pursuant to that exercise on or shortly following that date. You would (subject to the conditions described above) then also receive the Replacement Award(s), as further described above and in the Appendix.

What if I do not return the Exercise Form?

If you do nothing, and the Combination goes ahead, then unless you make your own arrangements to exercise your Award(s) after the Scheme becomes effective, your Award(s) will lapse (at the latest) six months after the date of Court Sanction and you will receive no

consideration for them. You would still receive the Replacement Award(s), subject to the conditions described above.

Do I have to use the Exercise Form?

If you prefer, you can wait and exercise your Award(s) after the Scheme becomes effective. To do so you would need to make your own arrangements to return an exercise instruction before your Award(s) lapse. In this case, subject to any necessary withholdings for tax and National Insurance Contributions, your Award(s) would be exercised to the same extent as it would be if you used the Exercise Form and OSB will still automatically acquire the Charter Court Shares in respect of which your Award(s) are exercised in exchange for the same number of OSB Shares as you would receive if you used the Exercise Form. If you do not submit an exercise instruction in time your Award(s) will lapse and you will receive no value for them. You would still receive the Replacement Award(s), subject to the conditions described above.

If you wish to exercise your Award(s) and receive, subject to any necessary withholdings for tax and National Insurance Contributions, 0.8253 OSB Shares for each Charter Court Share in respect of which your Award(s) are exercised, you can do so by signing and returning the enclosed Exercise Form.

To use the Exercise Form, you should sign and return it to [Redacted] as soon as possible, and in any event so that it is received by no later than 21 June 2019.

You can return the Exercise Form in hard copy, by delivering it to [Redacted] in person, or by emailing a scanned copy to [Redacted].

Please note that this decision will be irrevocable and may not be altered or changed once the Exercise Form has been submitted.

If you are in any doubt about the action you should take you are advised to seek your own independent financial and/or tax advice regarding your personal circumstances and the effect of the Combination on your Award(s).

6 Recommendation

The board of directors of Charter Court (the “**Charter Court Board**”) recommends that you exercise your Award(s) before they lapse. You should consider your own personal circumstances, including your tax position, when deciding on your preferred timing for exercising your Award(s).

The Charter Court Board, which has been so advised by Credit Suisse International (“**Credit Suisse**”) as to the financial terms of the proposals set out in this letter, considers the terms of such proposals to be fair and reasonable in the context of the Combination. In providing its advice to the Charter Court Board, Credit Suisse has taken into account the commercial assessments of the Charter Court Board. Credit Suisse is providing independent financial advice to the Charter Court Board for the purposes of Rule 3 of the City Code on Takeovers and Mergers.

Nothing in this letter and its Appendix constitutes financial advice to any holder of shares, options or awards in Charter Court or OSB.

7 Further information

Further information is included in the Appendix to this letter, including details of the tax withholdings mentioned in this letter and of what happens if you leave employment with Charter Court.

If there is a conflict between the information in this letter and Appendix and the rules of the Plan or any relevant legislation, the rules and the legislation will prevail.

If you have received this letter electronically, you may request a hard copy of this letter, free of charge, by contacting [Redacted] at [Redacted] or on [Redacted] stating your name, and the address to which the hard copy should be sent. You may also request that all future documents, announcements and information to be sent to you in relation to the Combination should be in hard copy form.

8 Questions

If you have any questions that relate to your Award, what your choices are or how to complete the Exercise Form, please contact [Redacted] at [Redacted]. Please note that no legal, tax or financial advice on the merits of the Combination or its effect on your Award or your choices can be provided. If you are in any doubt about the action you should take you are advised to seek your own independent financial and/or tax advice regarding your personal circumstances and the effect of the Combination in relation to your Award.

Yours faithfully



Ian Lonergan

For and on behalf of
Charter Court Financial Services Group plc

Yours faithfully



Andy Golding

For and on behalf of
OneSavings Bank plc

The release, publication or distribution of this letter (in whole or in part) in, into or from jurisdictions other than the United Kingdom may be restricted by law and therefore persons into whose possession this letter 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.

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 letter 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 (including the proposals) 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 the Combination, any proposals, this letter, any statement contained herein or otherwise.

Credit Suisse has given and not withdrawn its written consent to the issue of this letter with the inclusion of references to its name in the form and context in which they are included.

This letter does not constitute, and may not be used for the purposes of, an offer to sell or an invitation or the solicitation of an offer to subscribe for or buy, any securities by any person in any jurisdiction (a) in which such offer or invitation is not authorised, (b) in which the person making such offer or invitation is not qualified to do so, or (c) in which, or to any person to whom, it is unlawful to make such offer, solicitation or invitation or where the making of such offer, solicitation or invitation would impose any unfulfilled registration, qualification, publication or approval requirements on Charter Court, OSB or any of their respective directors, officers, agents, affiliates and advisers. No action has been taken nor will be taken in any jurisdiction by any such person that would permit a public offering of any securities in any jurisdiction where action for that purpose is required, nor has any such action been taken with respect to the possession or distribution of this letter other than in any jurisdiction where action for that purpose is required. Neither Charter Court nor OSB nor their respective directors, officers, agents, affiliates or advisers accept any responsibility for any violation of any of these restrictions by any other person.

The board of directors of Charter Court (the "**Charter Court Directors**"), whose names are set out in Paragraph 2(i) of Part V of the Scheme Document, accept responsibility for the information (and expressions of opinion) contained in this letter (including, without limitation, all information in respect of Charter Court which had been incorporated by reference in this letter), except for that information for which the OSB Directors accept responsibility. 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 (and expressions of opinion) contained in this letter for which they are responsible is in accordance with the facts and does not omit anything likely to affect the import of such information (and expressions of opinion).

The board of directors of OSB (the "**OSB Directors**"), whose names are set out in Paragraph 2(ii) of Part V of the Scheme Document respectively, accept responsibility for the information contained in this letter relating to OSB, the Combined Group (as defined in the Scheme Document), and the OSB Directors, their close relatives, related trusts and other connected persons and persons acting in concert with OSB (including, without limitation, all information in respect of OSB which has been incorporated by reference to this letter). 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 letter for which they are responsible is in accordance with the facts and does not omit anything likely to affect the import of such information.

Appendix

Further information

1 Replacement Awards

1.1 Calculation of the reduction to Awards granted in 2018 and 2019, and the number of OSB Shares subject to Replacement Awards

As set out in the letter, a reduction will be applied to Awards granted in 2018 and 2019 to reflect the fact that the Awards are becoming exercisable early. This reduction will be of 1/3rd for Awards granted in 2018, and a proportion calculated by reference to the rules of the Plan depending on when Court Sanction occurs for Awards granted in 2019.

For example, for an Award over 90 Charter Court Shares (and assuming that Court Sanction occurs on 20 July 2019 - i.e. four months after the 2019 Awards were granted), this would mean:

- a 2018 Award over 90 Charter Court Shares would be capable of becoming exercisable over up to 60 Charter Court Shares (i.e. a reduction of 1/3rd), depending on the extent to which the performance conditions are met, and a Replacement Award would be granted over a number of OSB Shares equivalent to 30 Charter Court Shares (see below); and
- a 2019 Award over 90 Charter Court Shares would be capable of becoming exercisable over up to 10 Charter Court Shares, depending on the extent to which the performance conditions are met, and a Replacement Award would be granted over a number of OSB Shares equivalent to 80 Charter Court Shares (see below). These numbers are calculated based on 122 out of 1096 days of the vesting period of the Award having elapsed to the date of Court Sanction (so that 122/1096ths is capable of becoming exercisable).

1.2 Terms of the Replacement Awards

Grant of Replacement Awards

You will be granted a Replacement Award if at the date of Court Sanction you hold Awards granted in 2018 and/or 2019 and immediately following the Scheme becoming effective remain in employment with Charter Court immediately following the Scheme becoming effective. The Replacement Award(s) will be granted with effect from immediately after the Scheme becoming effective.

Number of OSB Shares subject to Replacement Awards

A Replacement Award will be granted over a number of OSB Shares that is equal to 0.8253 OSB Shares for each Charter Court Share that is subject to the reduced part of the 2018 or 2019 Award to which it relates.

Using the examples outlined above:

- in respect of a 2018 Award, the number of OSB Shares equivalent to 30 Charter Court Shares would be 24.759 which would be rounded down to 24; and
- in respect of a 2019 Award, the number of OSB Shares equivalent to 80 Charter Court Shares would be 66.024 which would be rounded down to 66.

Terms of Replacement Awards

The Replacement Awards will be granted under terms that are substantively the same as the terms of the current OSB Performance Share Plan, with those terms applied on the same basis as are applied to OSB employees who participate in the OSB Performance Share Plan (subject to the agreed treatment on time pro-rating as set out below).

Performance condition applicable to Replacement Awards

Replacement Awards granted in respect of Awards granted in 2018 will be subject to the same vesting schedule and performance conditions as apply (as at the date of grant of the Replacement Awards) to the ordinary-course long-term incentive awards granted under the OSB Performance Share Plan by OSB to its employees in 2018, and replacement Awards granted in respect of Awards granted in 2019 will be subject to the same vesting schedule and performance conditions as apply (as at the date of grant of the Replacement Awards) to the ordinary-course long-term incentive awards granted under the OSB Performance Share Plan by OSB to its employees in 2019.

In each case, any adjustment or determination made in respect of the performance conditions shall apply on the same terms as any adjustment or determination made in respect of awards granted in the corresponding year to all other OSB employees participating in the OSB Performance Share Plan.

Time pro-rating

In the event that any time pro-rating reduction would, under the terms of the rules governing the Replacement Award, be required to be applied to your Replacement Awards (which could occur in the event of a takeover of OSB or you leaving employment as a “good leaver” – see further below), then that time pro-rating calculation will be undertaken by reference to, in the case of a Replacement Award granted in respect of a 2018 Award, the period of one year following the date on which the Scheme becomes effective, or, in the case of a Replacement Award granted in respect of a 2019 Award, the period from the date on which the Scheme becomes effective until the end of the performance period applicable to such Replacement Award.

1.3 Do I need to do anything to receive my Replacement Award?

No. If you hold an Award granted in 2018 and/or 2019 on the date of Court Sanction and you are in employment with Charter Court on the date on which the Scheme becomes effective you will be granted a Replacement Award.

1.4 Further details?

OSB will contact you on or shortly following the Scheme becoming effective setting out the full terms of your Replacement Award.

1.5 Do I have to receive the Replacement Award(s)?

If you do not wish to receive Replacement Award(s) please contact [Redacted] at [Redacted].

2 Other

2.1 If I hold more than one Award, do I have to take the same action in respect of all of them?

No. If you want to take different actions in respect of different Awards, please contact [Redacted] on the contact details set out in this letter.

3 Leaving Charter Court

The effect on your Award(s) if you leave Charter Court will depend on when you leave and the reason for which you leave.

3.1 Leaving Charter Court before Court Sanction

If you cease employment with Charter Court or give or receive notice of such cessation before the time of Court Sanction, the leaver provisions under the Plan will apply in the normal way.

This means that if you leave and are considered a “good leaver”, your Award(s) will remain outstanding and this letter would continue to apply to you, provided that: (1) the calculation of the reduction to your Award may differ, as the Charter Court Remuneration Committee may determine it will take account of the date on which you left; and (2) as you would have left employment prior to the date on which the Scheme becomes effective you would not be eligible to receive any Replacement Awards. If you have already returned an Exercise Form it would remain valid.

Who is a “good leaver”?

A “good leaver” is defined in the Plan rules. Examples include someone who leaves because of redundancy, ill-health, injury or disability, or any other reason at the discretion of the Charter Court Remuneration Committee.

If any other arrangements are applied in connection with you leaving at the discretion of the Charter Court Remuneration Committee, you would be contacted separately.

If prior to the date of Court Sanction you leave or give or receive notice and are not considered a “good leaver” all of your Award(s) will lapse on the earlier of the date your employment ceases and the date of such notice. This letter would then cease being relevant to you in full and you would not be eligible to receive any Replacement Award(s). If you have already returned an Exercise Form it would have no effect.

3.2 Leaving Charter Court after Court Sanction

Your Award(s)

If you exercise your Award(s) by using the enclosed Exercise Form that exercise will be effective on the date of Court Sanction and so will be unaffected if you were to cease employment, or give or receive notice, thereafter.

If you were not to use the enclosed Exercise Form and then left employment following Court Sanction before you exercise your Award(s) then, if you are considered a “good leaver”, your Award(s) would continue to be exercisable for up to six months from Court Sanction as described in this letter, or, if you are not considered a “good leaver”, your Award(s) would lapse on the earlier of the date your employment ceases and the date on which you gave or received notice. (This would not be relevant to you if you use the enclosed Exercise Form).

Your Replacement Award(s)

If you are in employment immediately following the Scheme becoming effective, and receive Replacement Award(s), but then leave thereafter, the effect of leaving on the Replacement Award(s) would be determined by terms that will govern the Replacement Awards, which will

be substantively the same as the rules of the OSB Performance Share Plan subject to the agreed time pro-rating treatment as mentioned above.

Those terms will therefore include a definition of a “good leaver” that is similar to those under the Charter Court Performance Share Plan 2017. Those “good leaver” reasons will include you leaving due to death, injury, disability or redundancy.

You will receive further information in relation to the terms of your Replacement Award(s) from OSB after the Scheme becomes effective.

4 What about tax?

This section summarises the UK income tax and National Insurance Contributions applicable to UK residents who are domiciled in the UK and working for Charter Court in the UK. It is intended as a guide only and is not a full description of all the circumstances in which a taxation liability may occur.

- Income tax and National Insurance Contributions will arise when Charter Court Shares are delivered pursuant to the exercise of an Award. This will remain the case where an Award is exercised in connection with the Combination.
- Consequently, if an Award is exercised at or following the time of Court Sanction, a UK income tax and National Insurance liability will arise upon Charter Court Shares being delivered pursuant to that exercise, and Charter Court is required to withhold and account to HM Revenue & Customs for the amount of this liability.
- Therefore, if you exercise at or following the time of Court Sanction (including if you use the enclosed Exercise Form), Charter Court will make arrangements in connection with that exercise to withhold a number of shares (or make equivalent arrangements) in order to enable Charter Court to realise its best estimate of the amount of your income tax and employee National Insurance liability. Charter Court will then pay that value withheld over to HM Revenue & Customs on your behalf.
- The withholding rate applied will be based on Charter Court’s best estimate of your income tax and employee National Insurance liabilities. However, due to the operation of the withholding system, there may be instances where the value withheld is more than the actual liabilities due, and in this situation any amounts over-withheld from you will be reimbursed to you through payroll. Similarly, if the amount withheld has been underestimated, you will need to meet any shortfall and the arrangements for this will be communicated to you individually should this arise, which may include these liabilities being deducted through payroll.

Further tax liabilities (such as capital gains tax) may arise when you eventually dispose of the OSB Shares that you acquire.

If you are in any doubt about your tax position you are advised to seek advice from a suitably authorised tax adviser.

The above assumes you were resident and domiciled in the UK at all relevant times. Please remember that tax law can and often does change, and you should not necessarily assume the current tax position will continue.