

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.**

This document concerns OneSavings Bank plc (the “Company”). If you are in any doubt as to the action you should take, you are recommended to seek your own independent financial advice immediately from your stockbroker, bank manager, solicitor, accountant or other independent financial adviser authorised under FSMA if you are in the United Kingdom or, if not, from another appropriately authorised independent financial adviser.

If you sell or transfer, or have sold or otherwise transferred, all of your Old OSB Shares, please forward this document, together with the accompanying documents (other than the personalised Forms of Proxy), at once to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale or transfer was effected, for transmission to the purchaser or the transferee. If you sell or transfer, or have sold or otherwise transferred part only of your holding of Old OSB Shares, you should retain this document and the accompanying documents and contact the bank, stockbroker or other agent through whom the sale or transfer was effected.

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



## **ONESAVINGS BANK PLC**

*(a public limited company registered in England and Wales with registered number 07312896)*

### **Proposed introduction of a new holding company**

## **OSB GROUP PLC**

**by means of a Scheme of Arrangement under  
Part 26 of the Companies Act 2006**

**and**

### **Notices of OSB Court Meeting and OSB General Meeting**

---

This document is not a prospectus but a shareholder circular and it does not constitute or form part of any offer or invitation to purchase, acquire, subscribe for, sell, otherwise dispose of or issue any securities or the solicitation of any offer to purchase, acquire, subscribe for, sell or otherwise dispose of, any security, including Old OSB Shares, New OSB Shares or any other securities of the Company or New OSB.

This document has been published solely in connection with the Scheme. Those considering Admission, including the risks to Admission and/or the New OSB Shares, should rely on the information contained in the Prospectus.

This document and the information incorporated by reference into this document, together with the accompanying Forms of Proxy, should be read as a whole. Your attention is drawn to the letter from the Chairman of the Company in Part I (*Letter from the Chairman*) of this document, which contains the unanimous recommendation of the OSB Directors that you vote in favour of the OSB Resolutions to be proposed at the OSB General Meeting referred to below.

**GIVEN THE CONTINUING UNCERTAINTY OF THE SITUATION REGARDING THE COVID-19 PANDEMIC, INCLUDING THE POSSIBILITY OF FUTURE LOCKDOWNS OR CONTINUED OR FURTHER GOVERNMENT RESTRICTIONS ON SOCIAL CONTACT, PUBLIC GATHERINGS AND NON-ESSENTIAL TRAVEL, WE STRONGLY ENCOURAGE YOU NOT TO PHYSICALLY ATTEND THE MEETINGS AND INSTEAD RETURN YOUR FORMS OF PROXY BY THE RELEVANT TIME.**

**THE MEETINGS WILL BE HELD IN ACCORDANCE WITH GOVERNMENT INSTRUCTIONS IN RESPECT OF THE COVID-19 PANDEMIC AND THE RESTRICTIONS ON SOCIAL CONTACT, PUBLIC GATHERINGS AND NON-ESSENTIAL TRAVEL APPLICABLE AT THE TIME OF THE MEETINGS. ANY OSB SHAREHOLDER THAT ATTEMPTS TO PHYSICALLY ATTEND THE MEETINGS MAY, THEREFORE, DEPENDING ON THE APPLICABLE CIRCUMSTANCES, BE REFUSED ADMISSION.**

As OSB Shareholders may not be permitted to physically attend the Meetings, they are strongly encouraged to appoint the Chairman of the relevant Meeting as proxy and provide voting instructions in advance of the relevant Meeting instead. It is essential that the Chairman of the relevant Meeting is appointed as proxy, as this will ensure that each OSB Shareholder's appointed proxy is permitted to attend and to cast votes on the business of the relevant Meeting on such OSB Shareholder's behalf. If an OSB Shareholder appoints any other individual as proxy, that individual may be refused admission to the Meetings and such OSB Shareholder would risk its voting instructions not being taken into account at the Meetings.

OSB Shareholders will be able to use a video conferencing facility to allow them to listen to the proceedings at the Meetings. OSB Shareholders wishing to use the video conferencing facility should contact the Company by e-mail to [company.secretariat@osb.co.uk](mailto:company.secretariat@osb.co.uk) no later than 11.30 a.m. on 29 October 2020 for the relevant details. OSB Shareholders will not be permitted to ask questions during the Meetings. However, OSB Shareholders are invited to submit questions relating to the business to be dealt with at the Meetings by e-mail to [company.secretariat@osb.co.uk](mailto:company.secretariat@osb.co.uk) not later than 11.30 a.m. on 29 October 2020. The Company will endeavour to answer these questions at the Meetings so far as is practicable.

The Company is taking these precautionary measures to make the Meetings as safe and efficient as possible.

**Notice of the OSB Court Meeting to be held at Slaughter and May, One Bunhill Row, London EC1Y 8YY at 11.30 a.m. on 2 November 2020 is set out in Part VI (*Notice of OSB Court Meeting*) of this document. As OSB Shareholders may not be permitted to physically attend the OSB Court Meeting, you are strongly encouraged to complete, sign and return the blue Form of Proxy that accompanies this document (or appoint the Chairman of the OSB Court Meeting as proxy, electronically, as referred to in this document) in accordance with the instructions printed thereon as soon as possible, but in any event so as to be received by the Registrar not later than 11.30 a.m. on 29 October 2020 (or, if the OSB Court Meeting is adjourned, not later than 48 hours before the time appointed for the adjourned meeting). If the blue Form of Proxy is not so returned by the relevant time, it may be emailed to OSB's Registrars, Equiniti at [proxyvotes@equiniti.com](mailto:proxyvotes@equiniti.com) or the Company at [company.secretariat@osb.co.uk](mailto:company.secretariat@osb.co.uk), at any time from (but not before) the time that the Court Meeting is due to commence, up to 30 minutes after the conclusion of the Court Meeting and it will still be valid. If you hold Old OSB Shares in CREST, you may appoint the Chairman of the OSB Court Meeting as proxy through the CREST electronic proxy appointment service by completing and transmitting a CREST proxy instruction to the Registrar, Equiniti (under CREST participant ID RA19), so that it is received no later than 11.30 a.m. on 29 October 2020. If you would like to submit your proxy vote electronically, you can do so by visiting [www.sharevote.co.uk](http://www.sharevote.co.uk). You will need to enter the Voting ID, Task ID and Shareholder Reference Number printed on the blue Form of Proxy and follow the online instructions. The deadline for receipt of electronic proxies is 11.30 a.m. on 29 October 2020.**

**Notice of the OSB General Meeting to be held at Slaughter and May, One Bunhill Row, London EC1Y 8YY at 11.45 a.m. on 2 November 2020 is set out in Part VII (*Notice of OSB General Meeting*) of this document. As OSB Shareholders may not be permitted to physically attend the OSB General Meeting, you are strongly encouraged to complete, sign and return the yellow Form of Proxy that accompanies this document (or appoint the Chairman of the OSB General Meeting as proxy, electronically, as referred to in this document) in accordance with the instructions printed thereon as soon as possible, but in any event so as to be received by the Registrar not later than 11.45 a.m. on 29 October 2020 (or, if the OSB General Meeting is adjourned, not later than 48 hours before the time appointed for the adjourned meeting). If the yellow Form of Proxy is not lodged by the relevant time, it will be invalid. If you hold Old OSB Shares in CREST, you may appoint the Chairman of the OSB General Meeting as proxy through the CREST electronic proxy appointment service by completing and transmitting a CREST proxy instruction to the Registrar, Equiniti (under CREST participant ID RA19), so that it is received no later than 11.45 a.m. on 29 October 2020. If you would like to submit your proxy vote electronically, you can do so by visiting [www.sharevote.co.uk](http://www.sharevote.co.uk). You will need to enter the Voting ID, Task ID and Shareholder Reference Number printed on the OSB Form of Proxy and follow the online instructions. The deadline for receipt of electronic proxies is 11.45 a.m. on 29 October 2020.**

Certain terms used in this document are defined in Part IV (*Definitions*).

If you have any questions about this document, the OSB Court Meeting or the OSB General Meeting, or are in any doubt how to complete the Forms of Proxy, please call Equiniti between 9.00 a.m. and 5.00 p.m. (London time) Monday to Friday (except public holidays in England and Wales) on 0371 384 2277 (if calling from within the UK) or +44 121 415 0189 (if calling from outside the UK). Calls outside the United Kingdom will be charged at the applicable international rate. Different charges may apply to calls from mobile telephones. Please note that calls may be monitored or recorded and Equiniti cannot provide legal, tax or financial advice or advice on the merits of the Scheme.

OSB Shareholders should only rely on the information contained in this document. No person has been authorised to give any information or make any representations other than those contained or incorporated into this document and, if given or made, such information or representations must not be relied upon as having been so authorised by the Company, the OSB Directors or any other person involved in the Scheme. Neither the delivery of this document nor the holding of the OSB General Meeting, nor Admission shall, under any circumstances, create any implication that there has been no change in the business or affairs of the OSB Group since the date of this document or that the information in, or incorporated into, this document is correct as at any time after its date.

#### **General**

This document and the accompanying documents have been prepared to comply with English law, the Listing Rules and applicable regulations, and the information disclosed may not be the same as that which would have been disclosed if this document or the accompanying documents had been prepared in accordance with the laws of any other jurisdiction.

**THE CONTENTS OF THIS DOCUMENT OR ANY SUBSEQUENT COMMUNICATION FROM THE COMPANY OR ITS AFFILIATES, OFFICERS, DIRECTORS, EMPLOYEES OR AGENTS ARE NOT TO BE CONSTRUED AS LEGAL, FINANCIAL OR TAX ADVICE.**

This document is dated 9 October 2020.

## CONTENTS

	<i>Page</i>
<b>Part I Letter from the Chairman</b>	5
<b>Part II Explanation of the Scheme and its effects</b>	8
<b>Part III Additional Information</b>	20
<b>Part IV Definitions</b>	24
<b>Part V The Scheme of Arrangement</b>	28
<b>Part VI Notice of OSB Court Meeting</b>	34
<b>Part VII Notice of OSB General Meeting</b>	36
<b>Part VIII Shareholder Q&amp;A</b>	53

## EXPECTED TIMETABLE OF PRINCIPAL EVENTS

The times and dates set out in the timetable below and throughout this document that fall after the date of publication of this document are based on the Company's current expectations and are subject to change. The times and dates are indicative only and will depend, among other things, on the date upon which the Court sanctions the Scheme. If the scheduled dates of the OSB Court Meeting and/or the OSB General Meeting change, the revised dates and/or times will be notified to OSB Shareholders by an announcement made by the Company through a Regulatory Information Service (as defined in the Listing Rules). All times shown are London times unless otherwise stated.

<b>PRINCIPAL EVENTS</b>	<b>TIME AND DATE</b>
Publication of this document	9 October 2020
Latest time for receipt of Forms of Proxy/CREST proxy instructions for the OSB Court Meeting	11.30 a.m. on 29 October 2020 <sup>(1)</sup>
Latest time for receipt of Forms of Proxy/CREST proxy instructions for the OSB General Meeting	11.45 a.m. on 29 October 2020 <sup>(2)</sup>
Voting Record Time for the OSB Court Meeting	6.30 p.m. on 29 October 2020 <sup>(3)</sup>
Voting Record Time for the OSB General Meeting	6.30 p.m. on 29 October 2020
<b>OSB Court Meeting</b>	11.30 a.m. on 2 November 2020
<b>OSB General Meeting</b>	11.45 a.m. on 2 November 2020 <sup>(4)</sup>
Court Hearing to sanction the Scheme and confirm the OSB capital reduction and cancellation of share premium account	27 November 2020
Last day of dealings in Old OSB Shares	27 November 2020
<b>Scheme Record Time</b>	6.00 p.m. on 27 November 2020
<b>Scheme Effective Date</b>	By 8.00 a.m. on 30 November 2020
Delisting of Old OSB Shares, Admission and commencement of dealings in New OSB Shares on the London Stock Exchange	8.00 a.m. on 30 November 2020
Crediting of New OSB Shares to CREST accounts	30 November 2020
Dispatch of share certificates in respect of New OSB Shares which are allotted and issued pursuant to the Scheme	By 14 December 2020

**Notes:**

- (1) It is requested that the blue Form of Proxy for the OSB Court Meeting be lodged before 11.30 a.m. on 29 October 2020 or, if the OSB Court Meeting is adjourned, not later than 48 hours before the time appointed for the holding of the adjourned meeting. However, blue Forms of Proxy not so lodged may be emailed to OSB's Registrars, Equiniti, at proxyvotes@equiniti.com or the Company at company.secretariat@osb.co.uk, at any time from (but not before) the time that the Court Meeting is due to commence, up to 30 minutes after the conclusion of the Court Meeting and they will still be valid.
- (2) Yellow Forms of Proxy for the OSB General Meeting must be lodged before 11.45 a.m. on 29 October 2020 in order for them to be valid or, if the OSB General Meeting is adjourned, not later than 48 hours before the time appointed for the holding of the adjourned meeting. Yellow Forms of Proxy not lodged by the date and time set out above will be invalid.
- (3) If either of the Meetings is adjourned, the Voting Record Time for the relevant adjourned meeting will be 6.30 p.m. on the date two calendar days before the date set for the adjourned Meeting.
- (4) To commence at the time fixed or as soon thereafter as the OSB Court Meeting has been concluded or adjourned.

## PART I

### LETTER FROM THE CHAIRMAN



*OSB Directors:*

David Weymouth  
Graham Allatt  
Andrew Golding  
Noël Harwerth  
Sarah Hedger  
Rajan Kapoor  
Mary McNamara  
April Talintyre

*Registered Office:*

Reliance House  
Sun Pier  
Chatham  
Kent ME4 4ET

9 October 2020

To OSB Shareholders and, for information only, to participants in the OSB Employee Share Plans

Dear OSB Shareholder,

**Proposed introduction of OSB GROUP PLC (“New OSB”)  
as a new holding company of the OSB Group and related matters**

#### **1. INTRODUCTION**

The Company intends to introduce New OSB as a new holding company above the Company and its subsidiaries by means of a scheme of arrangement, pursuant to Part 26 of the Companies Act.

The Scheme is between the Company and the OSB Shareholders and involves the cancellation of shares currently held by OSB Shareholders (“**Old OSB Shares**”) in exchange for the same number of shares in New OSB (“**New OSB Shares**”). The rights attaching to the New OSB Shares will be substantially the same as those attaching to Old OSB Shares at the Scheme Effective Date. In short, for every Old OSB Share, an OSB Shareholder will receive one New OSB Share and Old OSB will be wholly-owned by New OSB.

The Scheme is not expected to have any adverse impact on OSB Shareholders and is being undertaken as a reorganisation for the reasons set out below.

This document includes full details of the Scheme, together with an explanatory statement and the notices convening the OSB Court Meeting and the OSB General Meeting. It also contains the expected timetable for the Scheme and specifies the necessary actions to be taken by OSB Shareholders. This document and the Forms of Proxy for use in connection with the OSB Court Meeting and the OSB General Meeting (as applicable) are being made available to all OSB Shareholders at no charge to them.

**The OSB Board is unanimously recommending that you vote in favour of the Scheme and the related proposals.**

## **2. REASONS FOR THE INTRODUCTION OF A NEW HOLDING COMPANY AND RELATED PROPOSALS**

On 13 July 2020, the Bank of England confirmed that the preferred resolution strategy for the OSB Group is to be bail-in with a single point of entry (being the level of the OSB Group at which bail-in powers would be exercised) at the parent company level. The Bank of England has given the OSB Group a transitional period of three years to meet its new interim MREL requirement (i.e., until 13 July 2023) and five years to meet its new end-state MREL requirement (i.e., until 13 July 2025).<sup>1</sup>

The Company is proposing to establish a new holding company for the OSB Group to facilitate the issuance of MREL-qualifying debt instruments and compliance with the OSB Group's MREL requirements, in line with its intention as stated at the time of the Charter Court Combination. The new holding company will also help ensure compliance with the OSB Group's 'single point of entry' resolution strategy.

At the same time as implementing the Scheme, the Company is taking the opportunity to cancel all amounts standing to the credit of the Company's share premium account such that the share premium account of the Company will be extinguished and the credit arising as a result of the cancellation will be available to the Company as part of its distributable reserves. This creation of additional distributable reserves in the Company will provide it with the flexibility to undertake future reorganisations of the OSB Group, including transferring one or more of the Company's subsidiaries to become direct subsidiaries of New OSB. Such transfers would likely be undertaken by way of one or more dividends *in specie* declared by the Company, for which the Company will require sufficient distributable reserves.

## **3. EFFECTS OF THE SCHEME**

The effects of the implementation of the Scheme will be as follows:

- (A) instead of having its ordinary share capital owned by the OSB Shareholders, the Company will become a wholly-owned subsidiary of New OSB with effect from the Scheme Effective Date;
- (B) instead of owning Old OSB Shares, each OSB Shareholder will, from the Scheme Effective Date, own the same number of New OSB Shares; and
- (C) New OSB will be the holding company of the OSB Group.

The New OSB Directors will be David Weymouth (as Chairman), Graham Allatt, Andrew Golding, Noël Harwerth, Sarah Hedger, Rajan Kapoor, Mary McNamara and April Talintyre and the management of New OSB will be substantially the same as the management of the Company as at the date of this document. New OSB will replicate any changes to the composition of the OSB Board that occur between the date of publication of this document and the Scheme Effective Date. New OSB will follow the Company in complying with the main principles of the UK Corporate Governance Code, retaining the OSB Group's strong commitment to the high standards of governance and corporate responsibility.

## **4. LISTING, DELISTING AND SETTLEMENT**

The last time for dealing in Old OSB Shares on the London Stock Exchange is expected to be close of business on 27 November 2020, such that no transfers of Old OSB Shares will be registered after 6.00 p.m. on that date, the Scheme Record Time.

Prior to the Scheme becoming effective, an application will be made by the Company to the London Stock Exchange to cancel trading in Old OSB Shares on its main market for listed securities and to the FCA to cancel the listing of the Old OSB Shares from the Official List, in each case to take effect on the Scheme Effective Date.

On the Scheme Effective Date, the Company will become a wholly-owned subsidiary of New OSB and share certificates in respect of Old OSB Shares will cease to be valid. In addition, entitlements to the

---

<sup>1</sup> Until 13 July 2023, the group consolidated MREL requirement has been set at minimum regulatory capital requirements. From 13 July 2023, the group consolidated MREL requirement has been set at 18 per cent. of risk weighted assets. From 13 July 2025, the group consolidated MREL requirement has been set at the higher of: (i) two times the sum of the Pillar 1 and Pillar 2A requirement (i.e., 2x (Pillar 1 + Pillar 2A)); or (ii) if subject to a leverage ratio requirement, two times the applicable requirement. However, only the 2020 MREL requirements are binding, and the 2021-2025 MREL requirements (including the interim and end-state MRELS applicable from 13 July 2023 and 13 July 2025 respectively) have been set on an indicative basis at this stage. Therefore, the quantum and timing of the OSB Group's future MREL requirements are, therefore, subject to change.



Old OSB Shares held within the CREST system will be disabled from the Scheme Effective Date and will expire and be removed soon thereafter.

Prior to the Scheme Effective Date, application will be made to the London Stock Exchange for the New OSB Shares to be admitted to trading on its main market for listed securities and to the FCA for the New OSB Shares to be admitted to the premium listing segment of the Official List.

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 following the Scheme Effective Date and dealings for normal settlement in the New OSB Shares will commence at that time.

## 5. FURTHER INFORMATION

Further information about the Scheme and the impact of the Scheme on the OSB Employee Share Plans is set out in the explanatory statement contained in Part II (*Explanation of the Scheme and its effects*) of this document.

## 6. ACTION TO BE TAKEN

The Scheme is conditional upon a number of matters which are set out in full in the explanatory statement contained in Part II (*Explanation of the Scheme and its effects*) of this document, including: (i) approval by OSB Shareholders of the OSB Resolutions at the OSB General Meeting and of the Scheme at the OSB Court Meeting; (ii) the obtaining of customary regulatory approvals; and (iii) sanctioning of the Scheme by the Court. Further details of the OSB Court Meeting and the OSB General Meeting are contained in Part II (*Explanation of the Scheme and its effects*) of this document, including the action to be taken by OSB Shareholders.

Notices convening the OSB Court Meeting and the OSB General Meeting are set out, respectively, in Part VI (*Notice of OSB Court Meeting*) and Part VII (*Notice of OSB General Meeting*) of this document.

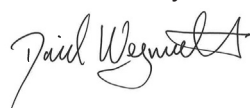
**In order that the Court can be satisfied that the votes cast fairly represent the views of OSB Shareholders, it is important that as many votes as possible are cast at the OSB Court Meeting. OSB Shareholders are therefore strongly encouraged to complete, sign and return the blue Form of Proxy, appoint a proxy through the CREST electronic proxy appointment service or submit the proxy vote electronically by visiting [www.sharevote.co.uk](http://www.sharevote.co.uk) (as appropriate) as soon as possible, in each case, appointing the Chairman of the OSB Court Meeting as proxy. A separate Form of Proxy for use at the OSB Court Meeting is enclosed.**

## 7. RECOMMENDATION

The OSB Board unanimously believes the Scheme, the related proposals and their respective terms to be in the best interests of the Company and its shareholders as a whole.

**Accordingly, the OSB Board unanimously recommends that OSB Shareholders vote in favour of the Scheme at the OSB Court Meeting and the Scheme and the related proposals at the OSB General Meeting, as the OSB Directors intend to do in respect of their own shareholdings totalling 942,015 Old OSB Shares (representing approximately 0.21 per cent. (0.21%) of the issued share capital of the Company) as at the Latest Practicable Date.**

Yours sincerely,



**David Weymouth**  
Chairman of OneSavings Bank plc

## PART II

### EXPLANATION OF THE SCHEME AND ITS EFFECTS

#### (EXPLANATORY STATEMENT IN COMPLIANCE WITH SECTION 897 OF THE COMPANIES ACT)

##### 1. BACKGROUND TO AND REASONS FOR THE SCHEME AND RELATED PROPOSALS

On 13 July 2020, the Bank of England confirmed that the preferred resolution strategy for the OSB Group is to be bail-in with a single point of entry (being the level of the OSB Group at which bail-in powers would be exercised) at the parent company level. The Bank of England has given the OSB Group a transitional period of three years to meet its new interim MREL requirement (i.e., until 13 July 2023) and five years to meet its new end-state MREL requirement (i.e., until 13 July 2025).<sup>2</sup>

The Company is proposing to establish a new holding company for the OSB Group to facilitate the issuance of MREL-qualifying debt instruments and compliance with the OSB Group's MREL requirements, in line with its intention as stated at the time of the Charter Court Combination. The new holding company will also help ensure compliance with the OSB Group's 'single point of entry' resolution strategy.

At the same time as implementing the Scheme, the Company is taking the opportunity to cancel all amounts standing to the credit of the Company's share premium account such that the share premium account of the Company will be extinguished and the credit arising as a result of the cancellation will be available to the Company as part of its distributable reserves. This creation of additional distributable reserves in the Company will provide it with the flexibility to undertake future reorganisations of the OSB Group, including transferring one or more of the Company's subsidiaries to become direct subsidiaries of New OSB. Such transfers would likely be undertaken by way of one or more dividends in specie declared by the Company, for which the Company will require sufficient distributable reserves.

The introduction of New OSB as a new holding company above the Company and its subsidiaries will be effected by means of a scheme of arrangement pursuant to Part 26 of the Companies Act between the Company and OSB Shareholders, the principal features and effect of which are set out below.

The Scheme is not expected to have any adverse impact on OSB Shareholders.

The information in this Part II (Explanation of the Scheme and its effects) also explains related proposals to be implemented by the Company and New OSB in connection with the Scheme.

##### 2. PRINCIPAL FEATURES OF THE SCHEME

The principal steps in relation to the Scheme are as follows:

###### 2.1 *Cancellation of the Scheme Shares*

All of the Scheme Shares will be cancelled and extinguished on the Scheme Effective Date.

###### 2.2 *Issue of Intra-Group Shares by the Company to New OSB*

Following the cancellation of the Scheme Shares, the credit arising in the accounts of the Company as a result of that cancellation will be capitalised and applied in paying up in full at par such number of Intra-Group Shares as shall be equal to the number (and aggregate nominal value) of the Scheme Shares cancelled.

---

<sup>2</sup> Until 13 July 2023, the group consolidated MREL requirement has been set at minimum regulatory capital requirements. From 13 July 2023, the group consolidated MREL requirement has been set at 18 per cent. of risk weighted assets. From 13 July 2025, the group consolidated MREL requirement has been set at the higher of: (i) two times the sum of the Pillar 1 and Pillar 2A requirement (i.e., 2x (Pillar 1 + Pillar 2A)); or (ii) if subject to a leverage ratio requirement, two times the applicable requirement. However, only the 2020 MREL requirements are binding, and the 2021-2025 MREL requirements (including the interim and end-state MREs applicable from 13 July 2023 and 13 July 2025 respectively) have been set on an indicative basis at this stage. Therefore, the quantum and timing of the OSB Group's future MREL requirements are, therefore, subject to change.



The Intra-Group Shares will be allotted and issued, credited as fully paid, to New OSB which will, as a result, become the new holding company of the Company and of the OSB Group.

### 2.3 ***Issue of New OSB Shares by the Company to OSB Shareholders***

In consideration for the cancellation of the Scheme Shares, the holders of the Scheme Shares will receive, in respect of any Scheme Shares held as at the Scheme Record Time:

**for every one Scheme Share, one New OSB Share.**

With effect from the Scheme Effective Date, the rights attaching to the New OSB Shares will be substantially the same as those attaching to Old OSB Shares at the Scheme Effective Date. Upon the implementation of the Scheme, a New OSB Shareholder will have the same proportionate interest in the profits, net assets and dividends of the OSB Group as they currently have as an OSB Shareholder.

### 2.4 ***Independent Valuation Report***

In connection with the allotment of the Intra-Group Shares by the Company to New OSB as part of the Scheme, the Company will be required to obtain an independent valuation report in accordance with the requirements of section 593 of the Companies Act. The independent valuation report is being prepared by the reporting accountants. The independent valuation report will consider the non-cash consideration (being the New OSB Shares issued by New OSB to the holders of Scheme Shares) for the allotment of the Intra-Group Shares to New OSB by the Company. It will contain the information prescribed in section 596 of the Companies Act and will be provided to New OSB prior to the Scheme Effective Date and delivered to the Registrar of Companies along with the return of allotment of the Intra-Group Shares in connection with the Scheme.

### 2.5 ***Amendments to the OSB Articles***

#### (A) *Amendments related to the Scheme*

At the OSB General Meeting, OSB Shareholders will be asked to approve amendments to the OSB Articles ensuring that: (i) any Old OSB Shares which are issued to any person other than New OSB or its nominee(s) before the Scheme Record Time are allotted subject to the terms of the Scheme and the holders of such shares will be bound by the Scheme accordingly; and (ii) any Old OSB Shares which are allotted after the Scheme Record Time will be immediately transferred to New OSB in exchange for the issue or transfer to the relevant allottees of one New OSB Share for each Old OSB Share transferred. These amendments are necessary because, in some cases, Old OSB Shares may need to be allotted before the Scheme Record Time but the timing of their allotment could mean that they are not classified as Scheme Shares and are therefore outside the scope of the Scheme. The amendments will avoid any person other than New OSB being left holding Old OSB Shares after dealings in such shares have ceased on the London Stock Exchange and will ensure that New OSB will own the entire issued share capital of the Company as a result of the Scheme becoming effective.

#### (B) *Other amendments*

At the OSB General Meeting, OSB Shareholders will also be asked to approve certain other amendments to the OSB Articles as set out in further detail below. If these amendments are approved at the OSB General Meeting, the intention is for these amendments to be incorporated into the New OSB Articles. Paragraph 2.2 of Part III (*Additional Information*) contains further detail on the New OSB Articles. The Scheme, however, is not conditional on the amendments to the OSB Articles described below being approved (and if they are not approved, they will not be incorporated into the New OSB Articles).

#### General meetings

It is proposed that certain amendments be made with respect to:

- (i) participation in general meetings (including annual general meetings) of the Company, to provide Directors of the Company with certain additional flexibilities to make any arrangements as they decide fit with regards to any person who is entitled to attend a general meeting, the method of attendance by that person at, and means of participation by that person in, any general meeting; and
- (ii) changes to arrangements of general meetings, again, to provide the Directors of the Company with additional flexibilities to: (a) alter the arrangements applying to general meetings specified in a notice calling a general meeting (including by introducing electronic facilities); and (b) notify shareholders of changes to general meetings (in particular, by specifying that those changes can be notified in any manner as the Directors may determine and by removing the requirement for such notification to be included in two national newspapers in the United Kingdom).

The Company considers that these amendments are appropriate to provide its Directors with greater flexibility to align with technological advances, changes in investor sentiment and evolving best practice, particularly in light of the ongoing COVID-19 pandemic.

#### Reappointment of Directors of the Company

It is proposed that the OSB Articles be amended to require Directors to retire (and, if they wish to remain in office, seek re-election) at each annual general meeting of the Company. This amendment is in line with the UK Corporate Governance Code and existing practice of the Company.

#### Directors below minimum through vacancies

The OSB Articles currently provide that, where the number of continuing Directors falls below the minimum number or the number required for quorum of the board of Directors, they may only act either to appoint further Directors themselves or summon general meetings. The proposed amendments provide greater flexibility as they would allow continuing Directors or a sole continuing Director to act notwithstanding any vacancy (including to fill vacancies and summon general meetings for the purpose of appointing further Directors). The Company considers it prudent to provide Directors with increased flexibility to ensure that the Company has a functioning board at all times.

#### Strategic report and supplementary material

It is proposed that the OSB Articles be amended to clarify that the Company would not be prohibited from sending a copy of its strategic report with supplementary material instead of its full accounts to its members, in line with the UK Companies Act and the Companies (Receipt of Accounts and Reports) Regulations 2013.

#### Miscellaneous

Other miscellaneous amendments that are proposed to be made to the OSB Articles relate to:

- (i) the forfeiture of unclaimed dividends and the method of payment of dividends;
- (ii) untraced shareholders; and
- (iii) the sub-division of shares.

Full details of the proposed amendments to the OSB Articles are set out in OSB Resolution 3.

### **3. DIRECTORS' AND OTHER INTERESTS**

As at the Latest Practicable Date, the OSB Board was composed of David Weymouth, Graham Allatt, Andrew Golding, Noël Harwerth, Sarah Hedger, Rajan Kapoor, Mary McNamara and April Talintyre.

Details of the current interests of the OSB Directors in, and options and awards relating to, Old OSB Shares are set out in paragraph 1 of Part III (*Additional Information*) of this document.

The effect of the Scheme on the interests of the OSB Directors is set out in paragraph 1 of Part III (*Additional Information*) of this document. The effect of the Scheme on the interests of the OSB Directors does not differ from its effect on the like interests of other OSB Shareholders.

#### **4. CONDITIONS TO IMPLEMENTATION OF THE SCHEME**

The implementation of the Scheme is conditional upon:

- (A) the approval of the Scheme by a majority in number, and representing at least seventy-five per cent. (75%) in value of the Old OSB Shares held by OSB Shareholders present and voting, either in person or by proxy, at the OSB Court Meeting (or at any adjournment of such meeting);
- (B) the passing of OSB Resolutions 1 and 2 to approve the Scheme and various matters in connection with the Scheme including: (i) the cancellation of the Scheme Shares; (ii) the cancellation of the Company's share premium account; (iii) the de-listing of the Old OSB Shares; (iv) the issue and allotment of Intra-Group Shares to New OSB; and (v) the Scheme-Related Article Amendments;
- (C) the PRA having been notified of, and having approved or having been deemed to have approved in accordance with the relevant applicable law or regulation (to the extent such notification, approval (or deemed approval) is required by the relevant applicable law or regulation and has not been withdrawn or deemed withdrawn) the cancellation of the Scheme Shares and the related share premium account under Article 78(1) of the CRR;
- (D) in respect of New OSB in connection with the acquisition of the Intra-Group Shares under the Scheme, the appropriate regulator (as defined in section 178(2A) of FSMA) of each UK authorised person (as defined in section 191G of FSMA) within the OSB Group: (i) having given notice for the purpose of section 189(4)(a) of FSMA that it has determined to approve such acquisition of control unconditionally; (ii) having given notice for the purpose of section 189(7) of FSMA that it has determined to approve such acquisition of control subject to conditions that are acceptable to New OSB (acting reasonably); or (iii) being treated, by virtue of section 189(6) of FSMA, as having approved such acquisition of control, in each case, where references to FSMA are read, where applicable, with the Financial Services and Markets Act 2000 (Controllers) (Exemption) Order 2009 (SI 2009/774);
- (E) the sanction of the Scheme by the Court at the Court Hearing;
- (F) a copy of the Court Order (including a copy of the related OSB Statement of Capital) having been delivered to the Registrar of Companies for registration;
- (G) permission having been granted by the FCA to de-list the Old OSB Shares and to admit (subject to the allotment of Intra-Group Shares in connection with the Scheme and satisfaction of Conditions (A) to (F) above, save to the extent such Conditions are already satisfied) the New OSB Shares to the premium listing segment of the Official List; and
- (H) the London Stock Exchange having agreed to admit the New OSB Shares to trading on its main market for listed securities and its agreement not being withdrawn prior to the Scheme Effective Date,

(together the "**Conditions**").

The OSB Directors will not take the necessary steps to implement the Scheme unless the Conditions have been satisfied and, at the relevant time, they consider that it continues to be in the best interests of the Company and OSB Shareholders that the Scheme should be implemented.

The Court Hearing (at which it is proposed that the Court sanction the Scheme and confirm the Company's reduction of capital (which forms an essential element of the Scheme) and the cancellation of its share premium account) is expected to be held on or around 27 November 2020 at The Royal Courts of Justice, The Rolls Building, 7 Rolls Buildings, Fetter Lane, London EC4A 1WL. Due to the ongoing disruption caused by the COVID-19 pandemic, the Court Hearing may be dealt with remotely

using a video conferencing platform. OSB Shareholders or creditors who wish to support or oppose the Scheme will be informed by advertisement in a newspaper with national distribution in the United Kingdom and on the Company's website at [www.osb.co.uk/investors/](http://www.osb.co.uk/investors/) of their right to appear in person, or be represented by Counsel, at the Court Hearing.

The Scheme contains a provision for the Company and New OSB jointly to consent, on behalf of all persons concerned, to any modification of or addition to the Scheme, or to any condition that the Court may think fit to approve or impose. The Company has been advised by its legal advisers that the Court would be unlikely to approve or impose any modification of, or addition or condition to, the Scheme which might be material to the interests of OSB Shareholders unless OSB Shareholders were informed of any such modification, addition or condition. It will be a matter for the Court to decide, in its discretion, whether or not further meetings of OSB Shareholders should be held. If the Court does approve or impose a modification of, or addition or condition to, the Scheme which, in the opinion of the OSB Directors, is such as to require the consent of the OSB Shareholders, the OSB Directors will not take the necessary steps to enable the Scheme to become effective unless and until such consent is obtained.

If the Scheme is sanctioned by the Court on 27 November 2020 and the other Conditions are satisfied, the Scheme is expected to become effective before 8:00 a.m. on 30 November 2020. Dealings in New OSB Shares on the London Stock Exchange are expected to commence at 8.00 a.m. on 30 November 2020.

If the Scheme has not become effective by 31 December 2020 (or such later date as the Court allows), it will lapse, in which event the Scheme will not proceed, there will not be a new holding company of the Company, OSB Shareholders will remain shareholders of the Company and the Old OSB Shares will continue to be listed on the Official List and admitted to trading on the London Stock Exchange.

The full text of the Scheme and of the resolutions to be proposed at the OSB Court Meeting and the OSB General Meeting are set out in Part V (*The Scheme of Arrangement*), Part VI (*Notice of OSB Court Meeting*) and Part VII (*Notice of OSB General Meeting*) of this document.

The Scheme is governed by English law and is subject to the jurisdiction of the courts of England and Wales. The Scheme is also subject to the applicable requirements of the Listing Rules, the London Stock Exchange, the FCA and the Registrar of Companies.

## **5. OSB SHAREHOLDER APPROVAL FOR IMPLEMENTATION OF THE SCHEME**

The Scheme will require the approval of the OSB Shareholders at the OSB Court Meeting, convened pursuant to an order of the Court, and the passing by OSB Shareholders of the OSB Resolutions set out in the Notice of OSB General Meeting. Both of the Meetings have been convened for 2 November 2020 and will be held at Slaughter and May, One Bunhill Row, London EC1Y 8YY.

The Scheme also requires a separate sanction from the Court.

Notices of the OSB Court Meeting and the OSB General Meeting are contained, respectively, in Part VI (*Notice of OSB Court Meeting*) and Part VII (*Notice of OSB General Meeting*) of this document.

Entitlement to attend and vote at these Meetings and the number of votes which may be cast thereat will be determined by reference to the register of members of the Company at the Voting Record Time. All OSB Shareholders whose names appear on the register of members of the Company at the Voting Record Time, shall be entitled to attend and speak and vote at the relevant Meeting in respect of the number of Old OSB Shares registered in their name at that time (although, as described above, all such OSB Shareholders are strongly encouraged to submit voting instructions by way of proxy instead).

### **5.1 OSB Court Meeting**

The OSB Court Meeting has been convened for 11.30 a.m. (London time) on 2 November 2020 pursuant to an order of the Court. At the OSB Court Meeting, or at any adjournment thereof, the OSB Shareholders will consider and, if thought fit, approve the Scheme.

Voting at the OSB Court Meeting will be by poll and not on a show of hands and each OSB Shareholder entitled to attend and who is present in person or by proxy will be entitled to one vote for each Old OSB Share held. The statutory majority required to approve the Scheme at the

OSB Court Meeting is a simple majority in number of the OSB Shareholders present and voting (either in person or by proxy) at the OSB Court Meeting and representing not less than seventy-five per cent. (75%) of the nominal value of the Old OSB Shares voted (either in person or by proxy) by such OSB Shareholders.

**In order that the Court can be satisfied that the votes cast constitute a fair representation of the views of the OSB Shareholders, it is important that as many votes as possible are cast at the OSB Court Meeting. OSB Shareholders are therefore urged to take the action referred to in paragraph 14 of this Part II (*Explanation of the Scheme and its effects*).**

**It is also particularly important for you to be aware that if the Scheme is approved and becomes Effective, it will be binding on all OSB Shareholders irrespective of whether they cast votes in relation to the matters the subject of the OSB Court Meeting and irrespective of the manner in which they voted.**

## 5.2 **OSB General Meeting**

The OSB General Meeting has been convened for 11.45 a.m. (London time) on 2 November 2020 (or as soon thereafter as the OSB Court Meeting has finished or is adjourned). At the OSB General Meeting or at any adjournment thereof, OSB Shareholders will consider and, if thought fit, pass the OSB Resolutions set out in the Notice of OSB General Meeting contained in Part VI (*Notice of OSB Court Meeting*) of this document.

### *OSB Resolutions*

The OSB Resolutions are proposed in order to approve:

- (A) for the purposes of giving effect to the Scheme:
  - (i) the authority to enable the OSB Directors to take all such actions as they may consider necessary or appropriate for carrying the Scheme into effect;
  - (ii) the reduction of the share capital of the Company by the cancellation of the Scheme Shares;
  - (iii) the cancellation of all amounts standing to the credit of the Company's share premium account;
  - (iv) the application of the reserve arising as a result of the cancellation of the Scheme Shares by paying up the Intra-Group Shares and the allotment and issuance, credited as fully paid, of such number of Intra-Group Shares as are equal to the number of Scheme Shares cancelled, to New OSB, in accordance with the Scheme;
  - (v) the authority to enable the OSB Directors to allot Intra-Group Shares in accordance with section 551 of the Companies Act; and
  - (vi) the de-listing of the Old OSB Shares;
- (B) amendments to the OSB Articles to deal with certain matters relating to the Scheme; and
- (C) certain other amendments to the OSB Articles.

These OSB Resolutions will be proposed as special resolutions. The majority required for the passing of the special resolutions is not less than seventy-five per cent. (75%) of the votes cast (in person or by proxy) at the OSB General Meeting.

Voting on the OSB Resolutions will be by poll and not on a show of hands.

## 5.3 **Forms of Proxy**

As you are strongly encouraged not to physically attend the OSB Court Meeting or the OSB General Meeting, please instead complete and sign both Forms of Proxy accompanying this document, blue for the OSB Court Meeting and yellow for the OSB General Meeting, in accordance with the instructions printed on them and return them to OSB's Registrars, Equiniti, at the return address printed on the back of the form of proxy as soon as possible or using the



pre-paid envelope provided, and in any event so as to be received no later than 11.30 a.m. (London time) on 29 October 2020, in the case of the OSB Court Meeting and 11.45 a.m. (London time) on 29 October 2020 in the case of the OSB General Meeting. If the blue Form of Proxy for the OSB Court Meeting not so returned by the relevant time, it may be emailed to OSB's Registrars, Equiniti at [proxyvotes@equiniti.com](mailto:proxyvotes@equiniti.com) or the Company at [company.secretariat@osb.co.uk](mailto:company.secretariat@osb.co.uk), at any time from (but not before) the time that the OSB Court Meeting is due to commence, up to 30 minutes after the conclusion of the OSB Court Meeting and it will still be valid.

You can also submit your proxy electronically at Equiniti's website, [www.sharevote.co.uk](http://www.sharevote.co.uk) so as to be received by no later than 11.30 a.m. (London time) on 29 October 2020 in the case of the OSB Court Meeting and 11.45 a.m. (London time) on 29 October 2020 in the case of the OSB General Meeting (or, in the case of any adjournment, not later than 48 hours before the time fixed for the holding of the adjourned meeting).

If you are registered with [www.shareview.co.uk](http://www.shareview.co.uk), you can log on and vote through that service no later than 11.30 a.m. (London time) on 29 October 2020 in the case of the OSB Court Meeting; and 11.45 a.m. (London time) on 29 October 2020 in the case of the OSB General Meeting (or, in the case of any adjournment, not later than 48 hours before the time fixed for the holding of the adjourned meeting).

If you hold your Old OSB Shares in uncertificated form through CREST, you may vote using the CREST electronic proxy appointment service in accordance with the procedures set out in the CREST manual (please also refer to the accompanying notes to the Notice of OSB General Meeting set out at the end of Part VII (*Notice of OSB General Meeting*) of this document). A proxy submitted via CREST (under CREST participant ID RA19) must be received by OSB's Registrars, Equiniti, not later than 11.30 a.m. (London time) on 29 October 2020 in the case of the OSB Court Meeting and by 11.45 a.m. (London time) on 29 October 2020 in the case of the OSB General Meeting (or, in the case of any adjournment, not later than 48 hours before the time fixed for the holding of the adjourned meeting).

## **6. EFFECT OF THE SCHEME**

Upon the Scheme becoming effective, the Scheme will be binding on all OSB Shareholders, irrespective of whether or not they attended or voted at the OSB Court Meeting or the OSB General Meeting (and if they attended and voted (whether in person or by proxy), whether or not they voted in favour).

The effect of implementation of the Scheme will be as follows:

- (A) instead of having its ordinary share capital owned by the OSB Shareholders, the Company will become a wholly-owned subsidiary of New OSB with effect from the Scheme Effective Date, as a result of all of the Scheme Shares being cancelled and extinguished and the Intra-Group Shares being allotted and issued, credited as fully paid, to New OSB;
- (B) instead of owning Old OSB Shares, each OSB Shareholder will, from the Scheme Effective Date, own the same number of New OSB Shares, as a result of New OSB having issued New OSB Shares to holders of Scheme Shares as at the Scheme Record Time; and
- (C) New OSB will be the holding company of the OSB Group.

The New OSB Directors will be David Weymouth (as Chairman), Graham Allatt, Andrew Golding, Noël Harwerth, Sarah Hedger, Rajan Kapoor, Mary McNamara and April Talintyre and the management of New OSB will be substantially the same as the management of the Company as at the date of this document. New OSB will replicate any changes to the composition of the OSB Board that occur between the date of publication of this document and the Scheme Effective Date. New OSB will follow the Company in complying with the main principles of the UK Corporate Governance Code, retaining the OSB Group's strong commitment to the high standards of governance and corporate responsibility.

Whilst New OSB will have no distributable profits or reserves immediately upon the Scheme becoming effective, New OSB is currently considering the most appropriate means by which it might generate distributable profits or reserves. This may be through the receipt of dividends and other distributions



from its operating subsidiaries and companies in which it has invested or through other corporate actions, including actions in relation to the nominal value of its issued share capital and to other share capital accounts on its balance sheet, in each case which would have the effect of creating distributable reserves.

#### **6.1 OSB Employee Share Plans**

The Company has, since admission of the Old OSB Shares to the premium listing segment of the Official List and to trading on the main market for listed securities of the London Stock Exchange on 10 June 2014, operated the OSB Employee Share Plans.

In addition to the OSB Employee Share Plans, as part of the Charter Court Combination, the Company also implemented one-off rollover arrangements (the “**Mirror PSP**”) to allow certain Charter Court Group employees who were participants in the Charter Court Financial Services Group plc Performance Share Plan 2017 to receive one-off replacement awards over Old OSB Shares in respect of awards that lapsed under that plan as part of the Charter Court Combination. In connection with the Charter Court Combination, the Company also offered participants in the all-employee Charter Court Financial Services Group plc Sharesave Scheme the opportunity to exchange their options under that plan for equivalent options over Old OSB Shares (the “**Roll-Over Sharesave**”).

The intention is for participants in the Existing Plans to have their awards exchanged for equivalent awards over New OSB Shares, subject to the rules of the Existing Plans (except for the fact that references in the relevant Existing Plan to the member of the OSB Group operating the Existing Plan will be construed as being to New OSB).

New OSB proposes to implement, prior to and conditional on Admission, equivalent employee incentive arrangements to the Existing Plans which will operate over the New OSB Shares for the purposes of any other future awards. These will be the New OSB Employee Share Plans.

### **7. CANCELLATION OF THE SHARE PREMIUM ACCOUNT**

At the same time, the Company is taking the opportunity to cancel all amounts standing to the credit of the Company’s share premium account such that the share premium account of the Company will be extinguished and the credit arising as a result of the cancellation shall be credited to a separate reserve in the Company’s accounts and shall thereafter be available to the Company as part of its distributable reserves.

### **8. LISTING, DELISTING, DEALINGS AND SETTLEMENT**

The last time for dealing in Old OSB Shares on the London Stock Exchange is expected to be close of business on the working day before the Scheme Effective Date, such that no transfers of Old OSB Shares will be registered after 6.00 p.m. on that date.

Prior to the Scheme becoming effective in accordance with its terms, an application will be made by the Company to the London Stock Exchange to cancel trading in Old OSB Shares on its main market for listed securities and to the FCA to cancel the listing of the Old OSB Shares from the Official List, in each case to take effect shortly after the Scheme Effective Date.

On the Scheme Effective Date, the Company will become a wholly-owned subsidiary of New OSB and share certificates in respect of Old OSB Shares will cease to be valid. In addition, entitlements to the Old OSB Shares held within the CREST system will be disabled from the Scheme Effective Date and will expire and be removed soon thereafter.

Prior to the Scheme Effective Date, applications will be made to the London Stock Exchange for the New OSB Shares to be admitted to trading on its main market for listed securities and to the FCA for the New OSB Shares to be admitted to the premium listing segment of the Official List.

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 following the Scheme Effective Date and dealings for normal settlement in the New OSB Shares will commence at that time.

**With effect from (and including) the Scheme Effective Date, all share certificates representing the Scheme Shares will cease to be valid and binding in respect of such holdings and should be destroyed.**

## **9. SHARE CERTIFICATES AND CREST**

New OSB Shares can be held in certificated or uncertificated form. Definitive share certificates for the New OSB Shares of OSB Shareholders who held their Old OSB Shares in certificated form are expected to be despatched within 14 days after the Scheme Effective Date. In the case of joint holders, share certificates will be despatched to the joint holder whose name appears first in the register. All share certificates will be sent by pre-paid first class post at the risk of the person entitled thereto. Pending the despatch of such certificates, transfers of New OSB Shares in certificated form will be certified against the register of New OSB. Temporary documents of title have not been, and will not be, issued in respect of such shares.

Old OSB Shares held in uncertificated form will be disabled in CREST by the Scheme Record Time. For OSB Shareholders who held their Old OSB Shares in a CREST account, New OSB Shares which are allotted and issued pursuant to the Scheme are expected to be credited to the relevant CREST member account on 30 November 2020. CREST is a paperless settlement system enabling securities to be evidenced otherwise than by a certificate and transferred otherwise than by written instrument. The New OSB Articles permit the holding of New OSB Shares under the CREST system. Application will be made for the New OSB Shares to be admitted to CREST with effect from Admission. Accordingly, settlement of transactions in New OSB Shares following Admission may take place within the CREST system. CREST is a voluntary system and holders of New OSB Shares who wish to receive and retain share certificates will be able to remove their New OSB Shares from the CREST system following the Scheme becoming effective.

New OSB will have the right to issue New OSB Shares to all shareholders in certificated form if, for any reason, it wishes to do so.

All instructions, DRIP mandates, bank mandates, elections and communication preferences in force on the Scheme Effective Date relating to notices and other communications will, unless and until varied or revoked, be deemed from the Scheme Effective Date to be valid and effective mandates or instructions to New OSB in relation to the corresponding holding of New OSB Shares.

All documents, certificates, cheques or other communications sent by, to, from or on behalf of OSB Shareholders, or as such persons shall direct, will be sent entirely at their own risk.

It is proposed that the New OSB Shares be made eligible for settlement in CREST, the paperless system for settlement of trades in securities admitted to the Official List, and traded on the London Stock Exchange's main market for listed securities operated by Euroclear. Euroclear requires New OSB to confirm to it that certain conditions imposed by the CREST Regulations are satisfied before Euroclear will admit any security to CREST. It is expected that these conditions will be satisfied in respect of the New OSB Shares on Admission. As soon as practicable after satisfaction of the Conditions, it is expected that New OSB will confirm this to Euroclear.

If you currently hold Old OSB Shares in uncertificated form, the Old OSB Shares under ISIN GB00BM7S7K96 will be disabled by the Scheme Record Time and on or soon after 8.00 a.m. (London time) on 30 November 2020 your CREST account will be credited with New OSB Shares under ISIN GB00BLDRH360.

Information on listing, dealings, share certificates and settlement is set out in paragraph 8 of this Part II (*Explanation of the Scheme and its effects*).

## **10. OVERSEAS SHAREHOLDERS**

### ***General***

The implications of the Scheme for, and the distribution of this document to, Overseas Shareholders may be affected by the laws of the relevant jurisdictions. Overseas Shareholders should inform themselves about and observe all applicable legal requirements.

It is the responsibility of any person into whose possession this document comes to satisfy himself as to the full observance of the laws of the relevant jurisdiction in connection with the Scheme and the distribution of this document and/or the accompanying documents, including the obtaining of any governmental, exchange control or other consents which may be required and/or compliance with other necessary formalities which are required to be observed and the payment of any issue, transfer or other taxes or levies due in such jurisdiction.

If, in respect of any Overseas Shareholder, New OSB is advised that the allotment and issue of New OSB Shares pursuant to the Scheme would or might infringe the laws of any jurisdiction outside the United Kingdom, or would or might require New OSB to obtain any governmental or other consent or effect any registration, filing or other formality with which, in the opinion of New OSB, it would be unable to comply or which it regards as unduly onerous, the Scheme provides that New OSB may determine that the New OSB Shares shall be issued to such shareholder and then sold on his behalf as soon as reasonably practicable at the best price which can reasonably be obtained at the time of sale, with the net proceeds of sale being remitted to the Overseas Shareholder at the risk of such shareholder. Alternatively, New OSB may determine that no New OSB Shares shall be allotted and issued to that shareholder but instead those New OSB Shares shall be allotted and issued to a nominee appointed by New OSB as trustee for such shareholder, on terms that they shall be sold on behalf of such shareholder as soon as reasonably practicable after the Scheme becomes effective, with the net proceeds of sale being remitted to the Overseas Shareholder concerned at the risk of such shareholder.

Overseas Shareholders should consult their own legal, financial and tax advisers with respect to the legal, financial and tax consequences of the Scheme in their particular circumstances.

#### **11. SHAREHOLDER AUTHORITIES RELATING TO NEW OSB**

The New OSB Initial Shareholders and/or New OSB Directors have passed prior to the date of this document, or are expected to pass prior to the OSB Court Meeting, certain resolutions in order to, among other matters, authorise New OSB to carry out the actions required of it in relation to the Scheme and related proposals. The intention is that New OSB will, following the Scheme Effective Date, have in place the same shareholder authorities as those applying to the Company as at the Scheme Effective Date including:

- (A) the approval of the appointment of auditors of New OSB;
- (B) the authority for the New OSB Audit Committee to determine the auditors' remuneration;
- (C) the authority for the New OSB Directors to allot New OSB Shares pursuant to the Scheme;
- (D) the authority for New OSB to make political donations;
- (E) the authority for the New OSB Directors to allot New OSB Shares generally, up to a specified limit;
- (F) the authority for the New OSB Directors to allot New OSB Shares in relation to Regulatory Capital Convertible Instruments, up to a specified limit;
- (G) the authority for the New OSB Directors to disapply pre-emption rights generally, up to a specified limit;
- (H) the authority for the New OSB Directors to disapply pre-emption rights in relation to acquisitions or specified capital instruments, up to a specified limit;
- (I) the authority for the New OSB Directors to disapply pre-emption rights in relation to Regulatory Capital Convertible Instruments, up to a specified limit;
- (J) the authority for New OSB to make market purchases of New OSB Shares; and
- (K) the ability for New OSB to call general meetings (other than annual general meetings) on 14 days' notice.

The authorities granted or to be granted to the New OSB Directors in relation to allotment of shares, the disapplication of pre-emption rights and the ability for New OSB to purchase its own shares referred

to in (E) to (I) above are equivalent to the corresponding authorities sought and obtained by the Company at its 2020 Annual General Meeting.

It is proposed that the Redeemable Subscriber Shares will be fully paid up by the OSB Initial Shareholders and then redeemed and cancelled by New OSB on the Scheme Effective Date.

The New OSB Initial Shareholders and the New OSB Directors are expected to pass, prior to the Scheme Effective Date, resolutions in order to subdivide and consolidate (to the extent necessary) the Ordinary Subscriber Shares and any Additional Subscriber Shares such that the nominal value of such shares is equal to the nominal value of the New OSB Shares and that such shares form part of the same class of shares as the New OSB Shares and will be treated accordingly in the Scheme.

To ensure that the number of New OSB Shares allotted to each OSB Shareholder matches the number of Old OSB Shares held by each OSB Shareholder immediately prior to the Scheme Effective Date, the number of New OSB Shares to be allotted to each of the OSB Initial Shareholders pursuant to the Scheme will be reduced by the number of ordinary shares in New OSB already held by that OSB Initial Shareholder on the Scheme Effective Date. Each OSB Initial Shareholder will elect to receive fewer New OSB Shares under the Scheme accordingly.

## **12. PROSPECTUS**

New OSB has prepared the Prospectus for the purposes of and in connection with Admission. For the purposes of Rule 3.2 of the Prospectus Regulation Rules, the Prospectus will be published in electronic form and be available on New OSB's website at [www.osb.co.uk/investors/](http://www.osb.co.uk/investors/). OSB Shareholders can also request a printed copy of the Prospectus to be delivered to them upon request and free of charge. OSB Shareholders wishing to request a printed copy of the Prospectus should contact the Company by e-mail to [company.secretariat@osb.co.uk](mailto:company.secretariat@osb.co.uk). The distribution of the Prospectus in, into or from jurisdictions other than the United Kingdom may be restricted by the laws of those jurisdictions and therefore OSB Shareholders requesting a Prospectus to be delivered outside of the United Kingdom should inform themselves about, and observe, any such restrictions.

The Prospectus includes a summary of certain tax consequences of the Scheme for OSB Shareholders.

## **13. FURTHER INFORMATION**

You should read the whole of this document.

Your attention is drawn, in particular, to the letter from your Chairman in Part I (*Letter from the Chair*) of this document, the Additional Information set out in Part III (*Additional Information*) of this document, the Scheme set out in Part V (*The Scheme of Arrangement*) of this document, the Notices of Meetings in Part VI (*Notice of OSB Court Meeting*) and Part VII (*Notice of OSB General Meeting*) of this document and to the Prospectus.

## **14. ACTION TO BE TAKEN**

OSB Shareholder will find enclosed with this document:

- (A) a blue Form of Proxy for use at the OSB Court Meeting; and
- (B) a yellow Form of Proxy for use at the OSB General Meeting.

It is important that, for the OSB Court Meeting in particular, as many votes as possible are cast so that the Court may be satisfied that there is a fair and reasonable representation of OSB Shareholder opinion.

As you are strongly encouraged not to attend either of the Meetings in person, if you hold OSB Shares, please sign and return both Forms of Proxy, appointing the Chairman of the OSB Court Meeting and the OSB General Meeting as proxy electronically as referred to below, as soon as possible and in any event so as to be received by OSB's Registrars, Equiniti, at their address: Aspect House, Spencer Road, Lancing, West Sussex, BN99 6DA as follows:

**Blue Forms of Proxy for the OSB Court Meeting by 11.30 a.m. (London time) on 29 October 2020**

## **Yellow Forms of Proxy for the OSB General Meeting by 11.45 a.m. (London time) on 29 October 2020**

(or, in the case of an adjourned meeting, not less than 48 hours prior to the time and date set for the adjourned meeting).

You can also submit your proxy electronically at Equiniti's website, [www.sharevote.co.uk](http://www.sharevote.co.uk) so as to be received by no later than 11.30 a.m. (London time) on 29 October 2020 in the case of the OSB Court Meeting and 11.45 a.m. (London time) on 29 October 2020 in the case of the OSB General Meeting (or, in the case of any adjournment, not less than 48 hours prior to the time fixed for the adjourned meeting). If you are registered with [www.shareview.co.uk](http://www.shareview.co.uk), you can log on and vote through Equiniti's online service no later than 11.30 a.m. (London time) on 29 October 2020 in the case of the OSB Court Meeting and 11.45 a.m. (London time) on 29 October 2020 in the case of the OSB General Meeting (or, in the case of any adjournment, not less than 48 hours prior to the time fixed for the adjourned meeting).

If you hold your Old OSB Shares in uncertificated form (i.e. in CREST), you may vote using the CREST electronic proxy appointment service in accordance with the procedures set out in the CREST manual (please also refer to the accompanying notes for the Notice of OSB General Meeting set out at the end of Part VII (*Notice of OSB General Meeting*) of this document). A proxy submitted via CREST (under CREST participant ID RA19) must be received by OSB's Registrars, Equiniti, not later than 11.30 a.m. (London time) on 29 October 2020 in the case of the OSB Court Meeting; and by 11.45 a.m. (London time) on 29 October 2020 in the case of the OSB General Meeting (or, in the case of any adjournment, not less than 48 hours prior to the time fixed for the adjourned meeting).

In each case, the Forms of Proxy and voting instruction cards should be completed in accordance with the instructions printed on them.

The blue Form of Proxy in respect of the OSB Court Meeting may also be emailed to OSB's Registrars, Equiniti, at [proxyvotes@equiniti.com](mailto:proxyvotes@equiniti.com) or [company.secretariat@osb.co.uk](mailto:company.secretariat@osb.co.uk) at the Company at any time from (but not before) the time that the relevant Meeting is due to commence, up to 30 minutes after the conclusion of the relevant Meeting and they will still be valid. However, in the case of the OSB General Meeting, the yellow Form of Proxy will be invalid unless it is lodged so as to be received at least 48 hours before the time appointed for such Meeting.

You are strongly encouraged to only appoint the Chairman of the relevant meeting to be your proxy, because you may not be permitted to attend the Meetings in person (and any other individual who you appoint as proxy may also be refused entry to the Meetings if such attendance would not be permitted by applicable government instructions in respect of the COVID-19 pandemic and the restrictions on social contact, public gatherings and non-essential travel applicable at the time of the meetings). Appointing the Chairman as proxy will ensure that he is permitted to attend the relevant Meetings (in person) and to cast votes on your behalf.

## PART III

### ADDITIONAL INFORMATION

#### 1. OSB DIRECTORS

The OSB Directors and their principal functions are as follows:

<i>OSB Director</i>	<i>Position</i>
David Weymouth	<i>Non-Executive Chairman</i>
Andrew Golding	<i>Chief Executive Officer</i>
April Talintyre	<i>Chief Financial Officer</i>
Noël Harwerth	<i>Senior Independent Director</i>
Graham Allatt	<i>Independent Non-executive Director</i>
Sarah Hedger	<i>Independent Non-executive Director</i>
Rajan Kapoor	<i>Independent Non-executive Director</i>
Mary McNamara	<i>Independent Non-executive Director</i>

The business address of each of the OSB Directors is Reliance House, Sun Pier, Chatham, Kent ME4 4ET.

The New OSB Directors will be David Weymouth (as Chairman), Graham Allatt, Andrew Golding, Noël Harwerth, Sarah Hedger, Rajan Kapoor, Mary McNamara and April Talintyre and the management of New OSB will be substantially the same as the management of the Company as at the date of this document. New OSB will follow the Company in complying with the main principles of the UK Corporate Governance Code, retaining the OSB Group's strong commitment to the high standards of governance and corporate responsibility.

#### 1.1 *Directors' interests*

On the Scheme becoming effective, assuming that no further Old OSB Shares have been purchased by them or issued to them after the Latest Practicable Date and no Old OSB Shares have been issued or repurchased by the Company after the Latest Practicable Date, the OSB Directors will have the following beneficial interests in New OSB Shares by virtue of the effect of the Scheme on their Old OSB Shares:

<i>Name</i>	<i>Number of Old OSB Shares</i>	<i>% of issued share capital of OSB</i>
<b>OSB Directors</b>		
David Weymouth	18,678	0.004
Graham Allatt	nil	nil
Andrew Golding	595,895	0.134
Noël Harwerth	nil	nil
Sarah Hedger	nil	nil
Rajan Kapoor	19,970	0.004
Mary McNamara	39,350	0.009
April Talintyre	268,122	0.060

The interests of the OSB Directors together represent approximately 0.21 per cent. of the voting rights attaching to Old OSB Shares as at the Latest Practicable Date.



## 1.2 **Directors' incentive awards**

As at the Latest Practicable Date, options and awards over Old OSB Shares held by the OSB Directors were as follows:

<i>Name</i>	<i>Number of Old OSB Shares subject to awards</i>
David Weymouth	nil
Graham Allatt	nil
Andrew Golding	953,809
Noël Harwerth	nil
Sarah Hedger	nil
Rajan Kapoor	nil
Mary McNamara	nil
April Talintyre	645,131

## 2. **SUMMARY OF THE CHANGES TO THE OSB ARTICLES**

The following is a summary of the changes which are proposed to be made to the OSB Articles pursuant to OSB Resolution 2 and OSB Resolution 3 which will be put to OSB Shareholders at the OSB General Meeting.

### 2.1 **Allotment of Old OSB Shares after the OSB General Meeting (OSB Resolution 2)**

In certain circumstances, Old OSB Shares may need to be allotted after the OSB General Meeting but before the Scheme Record Time but the timing of their allotment could mean that they are not classified as Scheme Shares and are therefore outside the scope of the Scheme. In addition, in certain other circumstances, Old OSB Shares may be issued after the Scheme Record Time, which would also put them outside the scope of the Scheme. In order to address such situations, the OSB Articles will be amended in such a way as to ensure that: (i) any Old OSB Shares which are issued to any person other than New OSB (or its nominee(s)) before the Scheme Record Time are allotted subject to the terms of the Scheme and the holders of such shares will be bound by the Scheme accordingly; and (ii) any Old OSB Shares which are allotted after the Scheme Record Time will be immediately transferred to New OSB in exchange for the issue or transfer to the relevant allottees of one New OSB Share for each Old OSB Share transferred.

These measures will avoid any person other than New OSB being left holding Old OSB Shares after dealings in such shares have ceased on the London Stock Exchange and will further ensure that the Company becomes a wholly-owned subsidiary of New OSB despite issues of Old OSB Shares that would otherwise not be classified as Scheme Shares.

### 2.2 **Other changes to the OSB Articles (OSB Resolution 3)**

At the OSB General Meeting, OSB Shareholders will also be asked to approve certain other amendments to the OSB Articles as set out in further detail below. If these amendments are approved at the OSB General Meeting, the intention is for these amendments to be incorporated into the New OSB Articles.

#### *General meetings*

It is proposed that certain amendments be made with respect to:

- (i) participation in general meetings (including annual general meetings) of the Company, to provide Directors of the Company with certain additional flexibilities to make any arrangements as they decide fit with regards to any person who is entitled to attend a general meeting, the method of attendance by that person at, and means of participation by that person in, any general meeting; and
- (ii) changes to arrangements of general meetings, again, to provide the Directors of the Company with additional flexibilities to: (a) alter the arrangements applying to general meetings specified in a notice calling a general meeting (including by introducing electronic facilities); and (b) notify shareholders of changes to general meetings (in particular, by

specifying that those changes can be notified in any manner as the Directors may determine and by removing the requirement for such notification to be included in two national newspapers in the United Kingdom).

The Company considers that these amendments are appropriate to provide its Directors with greater flexibility to align with technological advances, changes in investor sentiment and evolving best practice, particularly in light of the ongoing COVID-19 pandemic.

#### *Reappointment of Directors of the Company*

It is proposed that the OSB Articles be amended to require Directors to retire (and, if they wish to remain in office, seek re-election) at each annual general meeting of the Company. This amendment is in line with the UK Corporate Governance Code and existing practice of the Company.

#### *Directors below minimum through vacancies*

The OSB Articles currently provide that, where the number of continuing Directors falls below the minimum number or the number required for quorum of the Board of Directors, they may only act either to appoint further Directors themselves or summon general meetings. The proposed amendments provide greater flexibility as they would allow continuing Directors or a sole continuing Director to act notwithstanding any vacancy (including to fill vacancies and summon general meetings for the purpose of appointing further Directors). The Company considers it prudent to provide Directors with increased flexibility to ensure that the Company has a functioning Board at all times.

#### *Strategic report and supplementary material*

It is proposed that the OSB Articles be amended to clarify that the Company would not be prohibited from sending a copy of its strategic report with supplementary material instead of its full accounts to its members, in line with the UK Companies Act and the Companies (Receipt of Accounts and Reports) Regulations 2013.

#### *Miscellaneous*

Other miscellaneous amendments that are proposed to be made to the OSB Articles relate to:

- (iii) uncertificated shares;
- (iv) the forfeiture of unclaimed dividends and the calculation and method of payment of dividends;
- (v) untraced shareholders;
- (vi) the sub-division of shares;
- (vii) mechanical changes to reflect legislative changes and best practice; and
- (viii) the record date for service.

The full text of the OSB Resolutions can be found in the Notice of OSB General Meeting set out in Part VII (*Notice of OSB General Meeting*) of this document.

### **3. THE NEW OSB ARTICLES**

The New OSB Articles, which have been adopted by New OSB with effect from and conditional upon the Scheme becoming effective, are based on the OSB Articles with some updates (excluding, for the avoidance of doubt, the changes to the OSB Articles proposed to be made pursuant to OSB Resolution 2 and OSB Resolution 3 to be put to OSB Shareholders at the OSB General Meeting). The New OSB Articles, together with a comparison document showing all changes made to the OSB Articles in order to produce the New OSB Articles, will be made available for inspection in accordance with section 6 of this Part III (*Additional Information*).

As described in paragraph 2.5(B) of Part II (*Explanation of the Scheme and its effects*) above, if the amendments to the OSB Articles proposed to be made pursuant to OSB Resolution 3 are approved by

the OSB Shareholders at the OSB General Meeting, they will be incorporated into the New OSB Articles with effect from and conditional upon the Scheme becoming effective.

#### **4. FURTHER INFORMATION FOR OVERSEAS SHAREHOLDERS**

If you are a citizen, resident or national of a jurisdiction outside of the United Kingdom, your attention is drawn to paragraph 10 of Part II (*Explanation of the Scheme and its effects*) of this document for further details concerning the Scheme.

#### **5. COSTS AND EXPENSES REGARDING ISSUE OF DOCUMENTATION**

All costs and expenses relating to the issue of this document and to the preparation and implementation of the Scheme will be borne by the Company.

#### **6. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents may be inspected during normal business hours on any Business Day at the registered office of the Company at Reliance House, Sun Pier, Chatham, Kent ME4 4ET up to and including the date of the OSB General Meeting:

- (A) the OSB Articles;
- (B) the New OSB Articles;
- (C) a comparison document showing all changes made to the OSB Articles in order to produce the New OSB Articles;
- (D) a comparison document showing all changes to be made to the OSB Articles in order to produce the New OSB Articles with equivalent amendments proposed by OSB Resolution 3 as set out in the Notice of OSB General Meeting, if approved; and
- (E) this document.

## PART IV

### DEFINITIONS

The following definitions apply throughout this document, other than in the Scheme set out in Part V (*The Scheme of Arrangement*), unless the context requires otherwise:

<b>“Additional Subscriber Shares”</b>	ordinary shares of New OSB of one (1) pence each issued and allotted as fully paid by New OSB to the New OSB Initial Shareholders following publication of the Prospectus but prior to the Scheme Effective Date
<b>“Admission”</b>	admission of the New OSB Shares to the premium listing segment of the Official List and to trading on the main market for listed securities of the London Stock Exchange
<b>“Business Day”</b>	a day (other than a Saturday, Sunday or public holiday in England) on which banks are generally open for business in London other than solely for trading and settlement in Euro
<b>“CCFS”</b>	Charter Court Financial Services Group plc, a public limited company incorporated in England with registered number 06712054
<b>“certificated” or “in certified form”</b>	a share or other security which is not in uncertificated form (that is, not in CREST)
<b>“Charter Court Combination”</b>	the acquisition by the Company of the entire issued share capital of CCFS effected by means of a court-sanctioned scheme of arrangement which became effective on 4 October 2019
<b>“Charter Court Group”</b>	CCFS and its subsidiaries and subsidiary undertakings
<b>“Charter Court Share Plans”</b>	the Mirror PSP and the Roll-Over Sharesave
<b>“Company”</b>	OneSavings Bank plc, a public limited company incorporated in England with registered number 07312896
<b>“Companies Act”</b>	the UK Companies Act 2006
<b>“Conditions”</b>	the conditions to the implementation of the Scheme set out in paragraph 4 of Part II ( <i>Explanation of the Scheme and its effects</i> ) of this document
<b>“Court”</b>	the High Court of Justice in England and Wales
<b>“Court Hearing”</b>	the hearing by the Court to sanction the Scheme pursuant to section 899 of the Companies Act and confirm the reduction of capital involved in the Scheme and the cancellation of the Company’s share premium account
<b>“Court Order”</b>	the order of the Court sanctioning the Scheme under section 899 of the Companies Act
<b>“CREST”</b>	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
<b>“CREST Regulations”</b>	the Uncertificated Securities Regulations 2001 (SI 2001 No. 3755)

<b>“CRR”</b>	Capital Requirements Regulation (Regulation (EU) No. 575/2013)
<b>“Disclosure Guidance and Transparency Rules”</b>	the disclosure guidance and transparency rules made by the FCA and forming part of the FCA’s Handbook, as amended from time to time
<b>“Euroclear”</b>	Euroclear UK & Ireland Limited, the operator of CREST (formerly known as CRESTco Limited)
<b>“Existing Plans”</b>	the OSB Employee Share Plans and the Charter Court Share Plans
<b>“FCA” or “Financial Conduct Authority”</b>	the FCA (as defined in FSMA) (including the FCA acting in the capacity of competent authority for the purposes of Part 6 of FSMA), or its successor from time to time
<b>“Forms of Proxy”</b>	the blue form of proxy for use at the OSB Court Meeting and the yellow form of proxy for use at the OSB General Meeting both of which accompany this document and a <b>“Form of Proxy”</b> means either of them as the context requires
<b>“FSMA”</b>	the Financial Services and Markets Act 2000
<b>“Group DSBP”</b>	The OSB GROUP Deferred Bonus Plan 2020
<b>“Group PSP”</b>	The OSB GROUP Performance Share Plan 2020
<b>“Group Sharesave”</b>	the OSB GROUP Sharesave Plan 2020
<b>“HMRC”</b>	Her Majesty’s Revenue and Customs
<b>“Latest Practicable Date”</b>	means 7 October 2020, being the latest practicable date prior to the publication of this document
<b>“Listing Rules”</b>	the listing rules and regulations made by the FCA pursuant to Part 6 of FSMA, and contained in the FCA’s publication of the same name
<b>“London Stock Exchange”</b>	London Stock Exchange plc
<b>“Meetings”</b>	the OSB Court Meeting and the OSB General Meeting
<b>“New OSB”</b>	OSB GROUP PLC, a public limited company incorporated in England and Wales with registered number 11976839
<b>“New OSB Articles”</b>	the articles of association of New OSB approved by the New OSB Initial Shareholders to take effect as the articles of association of New OSB on the Scheme Effective Date
<b>“New OSB Directors”</b>	the directors of New OSB
<b>“New OSB Employee Share Plans”</b>	the Group DSBP, the Group PSP and the Group Sharesave
<b>“New OSB Initial Shareholders”</b>	Andrew Golding and April Talintyre
<b>“New OSB Shareholders”</b>	The holders of New OSB Shares
<b>“New OSB Shares”</b>	ordinary shares in the capital of New OSB of three-hundred and four (304) pence each proposed to be issued and allotted as fully paid by New OSB to the holders of Scheme Shares in connection with the Scheme
<b>“Official List”</b>	the official list maintained by the FCA pursuant to FSMA

<b>“Old OSB Shares”</b>	the ordinary shares of one (1) pence each in the capital of the Company existing as at the date of publication of this document and any further such shares issued prior to the Scheme Effective Date
<b>“Ordinary Subscriber Shares”</b>	ordinary shares in the capital of New OSB of one hundred (100) pence each existing as at the date of publication of this document
<b>“OSB Articles”</b>	the articles of association of the Company adopted by the Company on 4 June 2014, being the articles of association of the Company as at the date of publication of this document
<b>“OSB Board”</b>	the OSB Directors collectively
<b>“OSB Court Meeting”</b>	the meeting of the OSB Shareholders 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
<b>“OSB Directors”</b>	the directors of the Company at the time of publication of this document
<b>“OSB Employee Share Plans”</b>	the OSB Performance Share Plan 2014, the OSB Deferred Share Bonus Plan 2014, the OSB 2014 Sharesave Scheme, and the OSB India Private Limited Long Term Incentive Scheme
<b>“OSB General Meeting”</b>	the general meeting of OSB Shareholders to be convened for the purpose of considering and, if thought fit, passing the OSB Resolutions and any adjournment, postponement or reconvention thereof
<b>“OSB Group”</b>	the Company and its subsidiaries and subsidiary undertakings from time to time before the Scheme Effective Date
<b>“OSB Resolutions”</b>	the resolutions proposed at the OSB General Meeting as set out in the Notice of OSB General Meeting
<b>“OSB Shareholders”</b>	the holders of Old OSB Shares from time to time
<b>“OSB Statement of Capital”</b>	the statement of capital (approved by the Court) showing with respect to the Company’s share capital, as altered by the Court Order confirming the reduction of the share capital of the Company, the information required by section 649 of the Companies Act
<b>“pence”, “sterling” or “£”</b>	the lawful currency of the United Kingdom
<b>“PRA” or “Prudential Regulation Authority”</b>	the Prudential Regulation Authority (as defined in FSMA) or its successor from time to time
<b>“Prospectus Regulation Rules”</b>	Prospectus Regulation Rules of the FCA made under section 73A of FSMA
<b>“Prospectus”</b>	the prospectus relating to New OSB and Admission of the New OSB Shares published by New OSB on 9 October 2020
<b>“Redeemable Subscriber Shares”</b>	redeemable preference shares in the capital of the New OSB of one hundred (100) pence each existing as at the date of publication of this document
<b>“Registrar of Companies”</b>	the Registrar of Companies in England and Wales



<b>“Registrars” or “Equiniti”</b>	Equiniti Limited
<b>“Relevant Regulators”</b>	the PRA and the FCA
<b>“Scheme”</b>	the scheme of arrangement pursuant to Part 26 of the Companies Act undertaken by the Company to introduce New OSB as a new holding company, above the Company and its subsidiaries, details of which are out in Part V ( <i>The Scheme of Arrangement</i> ) of this document with or subject to any modification, addition or condition approved or imposed by the Court and agreed by the Company
<b>“Scheme Effective Date”</b>	the date on which the Scheme becomes effective in accordance with its terms
<b>“Scheme Record Time”</b>	6.00 p.m. on the Business Day on (or immediately before) the Scheme Effective Date
<b>“Scheme-Related Article Amendments”</b>	the amendments contained within OSB Resolution 2 proposed at the OSB General Meeting as set out in the Notice of OSB General Meeting
<b>“Scheme Shareholders”</b>	holders of Scheme Shares
<b>“Scheme Shares”</b>	<p>(A) all Old OSB Shares in issue at the date of the Scheme and remaining in issue at the Scheme Record Time;</p> <p>(B) any additional Old OSB Shares in issue at the Scheme Voting Record Time and remaining in issue at the Scheme Record Time; and</p> <p>(C) any Old OSB Shares in issue at, or after, the Scheme Voting Record Time in respect of which the original or any subsequent holders are bound by the Scheme, or shall have agreed in writing to be so bound and remaining in issue at the Scheme Record Time,</p> <p>in each case excluding any Old OSB Shares held in treasury or, legally or beneficially, by New OSB</p>
<b>“Scheme Voting Record Time”</b>	6.00 p.m. on the Business Day falling two Business Days before the OSB Court Meeting or any adjournment thereof (as the case may be)
<b>“subsidiary”, “subsidiary undertaking” and “undertaking”</b>	shall be construed in accordance with the Companies Act
<b>“UK” or “United Kingdom”</b>	the United Kingdom of Great Britain and Northern Ireland

Any references to any provision of any legislation shall include any amendment, modification, re-enactment or extension thereof.

Words importing the singular shall include the plural and vice versa, and words importing the masculine gender shall include the feminine or neutral gender.

## PART V

### THE SCHEME OF ARRANGEMENT

CR-2020-000756

IN THE HIGH COURT OF JUSTICE

BUSINESS AND PROPERTY COURTS OF ENGLAND AND WALES

COMPANIES COURT (ChD)

IN THE MATTER OF ONESAVINGS BANK PLC

and

IN THE MATTER OF THE COMPANIES ACT 2006

---

### SCHEME OF ARRANGEMENT

*(under Part 26 of the Companies Act 2006)*

---

#### PRELIMINARY

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

<b>“Business Day”</b>	a day (other than a Saturday, Sunday or public holiday in England) on which banks are generally open for business in London other than solely for trading and settlement in Euro
<b>“certificated” or “in certificated form”</b>	a share or other security which is not in uncertificated form (that is, not in CREST)
<b>“Companies Act”</b>	the UK Companies Act 2006
<b>“Company”</b>	OneSavings Bank plc, a public limited company incorporated in England with registered number 07312896
<b>“Court”</b>	the High Court of Justice of England and Wales
<b>“Court Order”</b>	the order of the Court sanctioning the Scheme under section 899 of the Companies Act and confirming the Company’s reduction of share capital and cancellation of share premium account under section 648 of the Companies Act
<b>“CREST”</b>	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
<b>“CREST Regulations”</b>	the Uncertificated Securities Regulations 2001 (SI 2001 No. 3755) as amended from time to time
<b>“Euroclear”</b>	Euroclear UK & Ireland Limited, the operator of CREST (formerly known as CRESTco Limited)
<b>“Holder”</b>	a registered holder, including any person entitled by transmission

<b>“Intra-Group Shares”</b>	ordinary shares of one (1) pence each in the capital of the Company to be issued to New OSB pursuant to the Scheme
<b>“members”</b>	members of the Company on the register of members at any relevant date
<b>“New OSB”</b>	OSB GROUP PLC, a public limited company incorporated in England and Wales with registered number 11976839
<b>“New OSB Initial Shareholders”</b>	Andrew Golding and April Talintyre
<b>“New OSB Shares”</b>	ordinary shares of three-hundred and four (304) pence each in the capital of the New OSB
<b>“Old OSB Shares”</b>	the ordinary shares of one (1) pence each in the capital of the Company existing as at the date of publication of this document and any further such shares issued prior to the Scheme Effective Date
<b>“OSB”</b>	OneSavings Bank plc, a public limited company incorporated in England and Wales (registered number 07312896)
<b>“OSB Court Meeting”</b>	the meeting of the OSB Shareholders 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
<b>“OSB General Meeting”</b>	the general meeting of OSB Shareholders to be convened for the purpose of considering and, if thought fit, passing certain resolutions in connection with the Scheme and any adjournment, postponement or reconvention thereof
<b>“OSB Shareholders”</b>	the Holders of Old OSB Shares from time to time
<b>“OSB Statement of Capital”</b>	the statement of capital (approved by the Court) showing with respect to the Company’s share capital, as altered by the Court Order confirming the reduction of the share capital and cancellation of share premium account of the Company, the information required by section 649 of the Companies Act
<b>“Overseas Shareholder”</b>	an OSB Shareholder who is a citizen, resident or national of any jurisdiction outside the United Kingdom
<b>“pence”, “sterling” or “£”</b>	the lawful currency of the United Kingdom
<b>“Registrar of Companies”</b>	the Registrar of Companies in England and Wales
<b>“Scheme”</b>	this scheme of arrangement in its present form or with any modification thereof or additional thereto or condition approved or imposed by the Court and agreed by the Company and New OSB
<b>“Scheme Effective Date”</b>	the date on which the Scheme becomes effective in accordance with its terms
<b>“Scheme Effective Time”</b>	the time at which this Scheme becomes effective on the Scheme Effective Date

<b>“Scheme Record Time”</b>	6.00 p.m. on the Business Day on (or immediately before) the Scheme Effective Date
<b>“Scheme Shareholders”</b>	holders of Scheme Shares
<b>“Scheme Shares”</b>	<p>(A) all Old OSB Shares in issue at the date of the Scheme and remaining in issue at the Scheme Record Time;</p> <p>(B) any additional Old OSB Shares in issue at the Scheme Voting Record Time and remaining in issue at the Scheme Record Time; and</p> <p>(C) any Old OSB Shares in issue at, or after, the Scheme Voting Record Time in respect of which the original or any subsequent holders are bound by the Scheme, or shall have agreed in writing to be so bound and remaining in issue at the Scheme Record Time,</p> <p>in each case excluding any Old OSB Shares held in treasury or, legally or beneficially, by New OSB</p>
<b>“Scheme Voting Record Time”</b>	6.00 p.m. on the Business Day falling two Business Days before the OSB Court Meeting or any adjournment thereof (as the case may be)
<b>“uncertificated” or “in uncertificated form”</b>	in relation to a share, a share which is recorded on the relevant register as in uncertificated form, being held in uncertificated form in CREST and title to which by virtue of the CREST Regulations may be transferred by means of CREST
<b>“United Kingdom” or “UK”</b>	the United Kingdom of Great Britain and Northern Ireland,

and where the context so admits or requires, the plural includes the singular and *vice versa*.

References to **clauses** are to clauses of this Scheme.

- (B) The issued share capital of the Company at the date of this Scheme is 446,258,782. The Company did not hold any Old OSB Shares in treasury as at the close of business on 7 October 2020 (being the latest practicable date prior to publication of this document).
- (C) New OSB was incorporated and registered in England and Wales as a public limited company on 2 May 2019 with registered number 11976839 under the name Project Cambridge ShelfCo plc. New OSB does not hold any shares in Old OSB.
- (D) Pursuant to a special resolution passed by the members of New OSB on 28 February 2020, New OSB changed its name to OSB GROUP PLC. This change of name was registered by the Registrar of Companies on 3 March 2020.
- (E) The issued share capital of New OSB as at the date of this document is two (2) fully paid ordinary shares of one hundred (100) pence each and forty-nine thousand, nine-hundred and ninety-eight (49,998) part paid redeemable preference shares of one hundred (100) pence each, which are each paid up as to twenty-five (25) pence of their nominal value.
- (F) New OSB has agreed to appear by Counsel at the hearing to sanction this Scheme and to undertake to the Court to be bound thereby and to execute and do and 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. CANCELLATION OF THE SCHEME SHARES

- 1.1 At the Scheme Effective Time, the issued share capital of the Company shall be reduced by cancelling and extinguishing all of the Scheme Shares.
- 1.2 Subject to and forthwith upon the said reduction of capital taking effect, the credit arising in the books of account of the Company as a result of the said reduction of capital shall be capitalised and applied in paying up, in full at par, such number of Intra-Group Shares as shall be equal to the number (and aggregate nominal value) of the Scheme Shares cancelled in accordance with sub-clause 1.1 above which shall be allotted and issued, credited as fully paid, to New OSB.

### 2. CANCELLATION OF THE COMPANY'S SHARE PREMIUM

The Company's share premium account shall be cancelled and extinguished and the credit arising as a result of the cancellation shall be credited to a separate reserve in the Company's accounts and shall thereafter be available to the Company as part of its distributable reserves.

### 3. NEW OSB SHARES

- 3.1 In consideration of the cancellation of the Scheme Shares and the allotment and issue of the Intra-Group Shares to New OSB pursuant to Clause 1 above, New OSB shall (subject to, and in accordance with, the remaining provisions in this Scheme), at the Scheme Effective Time, allot and issue (credited as fully paid) New OSB Shares to the OSB Shareholders (as appearing in the register of members of the Company at the Scheme Record Time) on the following basis:

**for every one Scheme Share held at the Scheme Record Time, one New OSB Share.**

- 3.2 The New OSB Shares shall be issued and credited as fully paid, shall rank equally in all respects with all other fully paid New OSB Shares and shall be entitled to all dividends and other distributions declared, paid or made by New OSB by reference to a record date on or after the Scheme Effective Date.
- 3.3 The provisions of sub-clause 3.1 shall be subject to any prohibition or condition imposed by law. Without prejudice to the generality of the foregoing, if, in respect of any Overseas Shareholder, New OSB is advised that the allotment and issue of New OSB Shares pursuant to this Clause would or might infringe the laws of any jurisdiction outside the United Kingdom or would or might require New OSB to observe any governmental or other consent or effect any registration, filing or other formality with which, in the opinion of New OSB, it would be unable to comply or which it regards as unduly onerous, then New OSB may in its sole discretion either:
  - (A) determine that such New OSB Shares shall be sold, in which event the New OSB Shares shall be issued to such Overseas Shareholder and New OSB shall appoint a person to act pursuant to this sub-clause 2.3(A) and such person shall be authorised on behalf of such Overseas Shareholder to procure that any shares in respect of which New OSB has made such a determination shall, as soon as practicable following the Scheme Effective Date, be sold at the best price which can reasonably be obtained at the time of sale and the net proceeds of such sale shall (after the deduction of all expenses and commissions, including any amount in respect of value added tax payable thereon) be paid to such Overseas Shareholder by sending a cheque or warrant to such Overseas Shareholder in accordance with the provisions of Clause 4 below. To give effect to any such sale, the person so appointed shall be authorised on behalf of such Overseas Shareholder to execute and deliver a form of transfer and to give such instructions and do all such things which he may consider necessary or expedient in connection with such sale. In the absence of bad faith or wilful default, none of the Company, New OSB, any appointee referred to in this sub-clause 3.3(A) or any broker or agent of any of them shall have any liability for any loss arising as a result of the timing or terms of any such sale; or
  - (B) determine that no such New OSB Shares shall be allotted and issued to such Overseas Shareholder under this Clause, but instead such New OSB Shares shall be allotted and

issued to a nominee appointed by New OSB as trustee for such Overseas Shareholder, on terms that they shall, as soon as reasonably practicable following the Scheme Effective Date, be sold on behalf of such Overseas Shareholder at the best price which can reasonably be obtained at the time of sale and the net proceeds of such sale shall (after the deduction of all expenses and commissions, including any amount in respect of value added tax payable thereon) be paid to such Overseas Shareholder by sending a cheque or warrant to such Overseas Shareholder in accordance with the provisions of Clause 4 below. In the absence of bad faith or wilful default, none of the Company, New OSB, any nominee referred to in this sub-clause 3.3(B) or any broker or agent of any of them shall have any liability for any loss arising as a result of the timing or terms of any such sale.

#### **4. CERTIFICATES AND PAYMENTS**

- 4.1 Not later than 14 days after the Scheme Effective Date, New OSB shall send by post to the allottees of the allotted and issued New OSB Shares certificates in respect of such shares, save that where Scheme Shares are held in uncertificated form, New OSB shall procure that Euroclear is instructed to cancel the entitlement to Scheme Shares of each of the OSB Shareholders concerned and to credit to the appropriate stock accounts in CREST of the OSB Shareholders concerned their due entitlements to New OSB Shares.
- 4.2 Not later than 14 days following the sale of any relevant New OSB Shares pursuant to sub-clause 3.3, New OSB shall procure that the person appointed under sub-clause 3.3(A) or the nominee appointed under sub-clause 3.3(B) shall account for the cash payable by despatching to the persons respectively entitled thereto, cheques by post or by any direct, bank or other funds transfer or, in the case of an uncertificated share, by the relevant system.
- 4.3 All certificates required to be sent by New OSB pursuant to sub-clause 4.1 and all cheques required to be sent pursuant to sub-clause 4.2 shall be sent by post in pre-paid envelopes addressed to the persons respectively entitled thereto at their respective addresses appearing in the register of members of the Company at the Scheme Record Time (or, in the case of joint Holders, to the address of that one of the joint Holders whose name stands first in the register in respect of the joint holding) or in accordance with any special instructions regarding communications received at the registered office of the Company prior to the Scheme Record Time.
- 4.4 None of the Company, New OSB, any person referred to in sub-clause 3.3(A), such nominee appointed to act under sub-clause 3.3(B) nor any agent of any of them shall be responsible for any loss or delay in transmission of certificates, cheques or warrants sent in accordance with this Clause 4.
- 4.5 This Clause 4 shall take effect subject to any prohibition or condition imposed by law.

#### **5. CERTIFICATES REPRESENTING SCHEME SHARES**

With effect from and including the Scheme Effective Date, all certificates representing holdings of Scheme Shares shall cease to have effect as documents of title to the Scheme Shares comprised therein and every Holder of Scheme Shares should destroy such certificates at the Scheme Effective Date.

#### **6. RECORD OF CANCELLATION OF SCHEME SHARES**

- 6.1 Euroclear shall be instructed to cancel the entitlements to Scheme Shares of Holders of Scheme Shares in uncertificated form and appropriate entries shall be made in the Company's register of members as regards Scheme Shares in certificated form, with effect from the Scheme Effective Date, to reflect their cancellation.
- 6.2 As regards certificated Scheme Shares, appropriate entries shall be made in the Company's register of members, with effect from the Scheme Effective Date, to reflect their cancellation.



## **7. MANDATES AND INSTRUCTIONS**

Each mandate in force and duly notified to the Company at the Scheme Record Time relating to the payment of dividends on Scheme Shares and each instruction, election and communication preference then in force as to notices and other communications (including electronic communications) from the Company shall, unless and until varied or revoked, be deemed, from and including the Scheme Effective Date, to be a valid and effective mandate or instruction to New OSB in relation to the corresponding New OSB Shares to be allotted and issued pursuant to this Scheme.

## **8. SCHEME EFFECTIVE DATE**

- 8.1 The Scheme shall become effective as soon as a copy of the Court Order (including a copy of the related OSB Statement of Capital) shall have been duly delivered to the Registrar of Companies for registration.
- 8.2 Unless the Scheme shall have become effective on or before 31 December 2020 or such later date, if any, as the Company and New OSB may agree and the Court may allow, this Scheme shall never become effective.

## **9. MODIFICATION**

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

## **10. COSTS**

The Company is authorised and permitted to pay all the costs and expenses relating to the negotiation, preparation and implementation of the Scheme.

Dated 9 October 2020

## PART VI

### NOTICE OF OSB COURT MEETING

**OneSavings Bank plc**

IN THE HIGH COURT OF JUSTICE  
CHANCERY DIVISION BUSINESS AND PROPERTY COURTS OF ENGLAND AND WALES  
COMPANIES COURT (ChD) CR-2020-000756

Insolvency and Companies Court Judge Mullen

IN THE MATTER OF ONESAVINGS BANK PLC

AND

IN THE MATTER OF THE COMPANIES ACT 2006

NOTICE IS HEREBY GIVEN that by an Order dated 2 September 2020 made in the above matters, the Court has given permission for a meeting (the “**OSB Court Meeting**”) to be convened of the holders of Old OSB Shares (as defined in the Scheme hereinafter mentioned) for the purpose of considering and, if thought fit, approving (with or without modification) a scheme of arrangement (the “**Scheme**”) proposed to be made between OneSavings Bank plc (registered in England and Wales with registered number 07312896) (hereinafter the “**Company**”) and the holders of Scheme Shares (as defined in the Scheme) and that the OSB Court Meeting will be held at Slaughter and May, One Bunhill Row, London EC1Y 8YY at 11.30 a.m. (London time) on 2 November 2020 at which place and time all OSB Shareholders (as defined in the Scheme) are requested to attend.

A copy of the Scheme of Arrangement and a copy of the explanatory statement required to be furnished pursuant to Part 26 of the Companies Act 2006 are incorporated in the document of which this Notice forms part.

OSB Shareholders (as defined in the Scheme) are strongly encouraged to vote at the OSB Court Meeting by appointing the Chairman of the OSB Court Meeting as their proxy to attend and vote in their stead.

A blue form of proxy for use at the OSB Court Meeting is enclosed with this Notice.

Completion and return of the blue form of proxy will not prevent an OSB Shareholder from attending and voting at the OSB Court Meeting (or any adjournment thereof) in person; however, as the OSB Court Meeting will be held in accordance with applicable government instructions in respect of the COVID-19 pandemic and the restrictions on social contact, public gatherings and non-essential travel applicable at the time of the OSB Court Meeting, you (and any individual apart from the Chairman who you appoint as your proxy) may be refused entry to the OSB Court Meeting if you and/or that individual seeks to attend in person.

In the case of joint Holders of an OSB Share (as defined in the Scheme of Arrangement), the vote of the senior who tenders a vote, by proxy, will be accepted to the exclusion of the votes of the other joint Holders and for this purpose seniority will be determined by the order in which the names stand in the register of members of the Company in respect of the joint holding.

It is requested that the blue forms of proxy (together with any power of attorney or other authority under which the form is signed, or a notarially certified copy of such power or authority) be returned by post to the Company’s Registrars, Equiniti, at Aspect House, Spencer Road, Lancing, West Sussex, BN99 6DA, no later than 11.30 a.m. (London time) on 29 October 2020 or, if the OSB Court Meeting is adjourned, by not less than 48 hours before the time for the adjourned OSB Court Meeting. As you will not be permitted to physically attend the OSB Court Meeting or the OSB General Meeting, please complete and sign both Forms of Proxy accompanying this document, blue for the OSB Court Meeting and yellow for the OSB General Meeting, in accordance with the instructions printed on them and return them to OSB’s Registrars, Equiniti, at the return address printed on the back of the form of proxy as soon as possible, and in any event so as to be received no later than 11.30 a.m. (London time) on 29 October 2020, in the case of the OSB Court Meeting and 11.45 a.m. (London time) on 29 October 2020 in the case of the OSB General Meeting. If the blue Form of Proxy for the OSB Court Meeting is not so returned by the relevant time, they may be emailed to OSB’s Registrars, Equiniti at

proxyvotes@equiniti.com or the Company at company.secretariat@osb.co.uk, at any time from (but not before) the time that the OSB Court Meeting is due to commence, up to 30 minutes after the conclusion of the OSB Court Meeting and it will still be valid.

CREST members who wish to appoint the Chairman of the OSB Court Meeting as proxy through the CREST electronic proxy appointment service may do so for the OSB Court Meeting and any adjournment(s) thereof by using the procedures described in the CREST manual.

In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a “**CREST Proxy Instruction**”) must be properly authenticated in accordance with the specifications of Euroclear UK & Ireland Limited (“**Euroclear**”) and must contain the information required for such instructions, as described in the CREST manual available at www.euroclear.com. The message, regardless of whether it relates to the appointment of a proxy or to 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 ID RA19) by 11.30 a.m. (London time) on 29 October 2020. 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 Application Host) from which Equiniti is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST.

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.

Alternatively, a shareholder may register a proxy vote online via the Equiniti website www.sharevote.co.uk subject to the terms and conditions shown on the website. To do this you will need your voting ID, task ID and shareholder reference number shown on your Form of Proxy. Shareholders registered with www.shareview.co.uk can log on and vote through that service using their user ID and password. Once logged in click “View” on the “My Investments” page, click on the link to vote and then follow the on screen instructions.

Only those OSB Shareholders registered in the register of members of the Company as at 6.30 p.m. (London time) on 29 October 2020 (the “**Voting Record Time**”) shall be entitled to attend or vote in respect of the number of shares registered in their name at the relevant time. Changes to entries in the relevant register of members after the Voting Record Time shall be disregarded in determining the rights of any person to attend or vote at the OSB Court Meeting. Changes to entries in the relevant register of members after the Voting Record Time or, in the event that the OSB Court Meeting is adjourned, after 6.30 p.m. on the second calendar day before the day of any adjourned meeting, shall be disregarded in determining the rights of any person to attend or vote at the OSB Court Meeting.

Any person to whom this notice is sent who is not a member, but who has been nominated under section 146 of the Companies Act 2006 to enjoy information rights (a “**Nominated Person**”) does not have a right to appoint a proxy. A Nominated Person may have a right under an agreement with the relevant member to be appointed or to have somebody else appointed as a proxy for the OSB Court Meeting. If a Nominated Person does not have such a right, or has such a right and does not wish to exercise it, he or she may have a right under an agreement with the relevant member to give instructions as to the exercise of voting rights.

Any corporation which is a member can appoint one or more corporate representatives who may exercise on its behalf all of the same powers as the corporation could exercise if it were an individual shareholder, provided they do not do so in relation to the same shares.

By the said order, the Court has appointed David Weymouth or, failing him, any other Director of the Company to act as chair of the OSB Court Meeting and has directed the Chair to report the result of the OSB Court Meeting to the Court.

The Scheme of Arrangement will be subject to the subsequent approval of the Court.

DATED: 9 October 2020

Slaughter and May  
One Bunhill Row  
London  
EC1Y 8YY

United Kingdom

*Solicitors for the Company*

## PART VII

### NOTICE OF OSB GENERAL MEETING

#### OneSavings Bank plc

*(registered in England and Wales, Registered no. 07312896)*

NOTICE IS HEREBY GIVEN that a general meeting of OneSavings Bank plc (the “**Company**”) will be held at Slaughter and May, One Bunhill Row, London EC1Y 8YY at 11.45 a.m. (London time) on 2 November 2020 (or so soon thereafter as the meeting of holders of the ordinary shares in the Company convened by direction of the Court for the same place and date shall have been concluded or adjourned) for the purpose of considering and, if thought fit, passing the following resolutions, of which OSB Resolutions 1 and 2 will both be proposed as special resolutions. Voting on each of the OSB Resolutions will be by way of a poll.

#### **Resolution 1 – Scheme of Arrangement**

THAT, subject to the shareholders of the Company having approved Resolution 2 (as set out in this notice) as a special resolution, for the purpose of giving effect to the scheme of arrangement dated 9 October 2020, between the Company and the holders of the Scheme Shares (as defined in the said scheme), a print of which has been produced to this meeting and for the purposes of identification signed by the Chairman hereof, in its original form or subject to such modification, addition or condition agreed by the Company and OSB GROUP PLC (incorporated and registered in England and Wales with registered number 11976839) and approved or imposed by the Court (the “**Scheme**”):

- (A) 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;
- (B) the issued share capital of the Company be reduced by cancelling and extinguishing all of the Scheme Shares (as defined in the Scheme);
- (C) that the share premium account of the Company as at 27 November 2020 be cancelled and extinguished;
- (D) subject to and conditional upon the Scheme becoming effective, the Old OSB Shares be de-listed from the Official List (as defined in the Scheme);
- (E) subject to and forthwith upon the reduction of share capital referred to in OSB Resolution 1(C) above taking effect and notwithstanding anything to the contrary in the articles of association of the Company:
  - (i) the reserve arising in the books of account of the Company as a result of the reduction of share capital referred to in OSB Resolution 1(B) above be capitalised and applied in paying up in full at par all of such new ordinary shares of one (1) pence each in the capital of the Company (the “**Intra-Group Shares**”) as shall be equal to the number of Old OSB Shares (as defined in the Scheme) cancelled pursuant to OSB Resolution 1(B) above, which shall be allotted and issued, credited as fully paid, to OSB GROUP PLC and/or its nominee(s) in accordance with the Scheme; and
  - (ii) conditional upon the Scheme becoming effective in accordance with its terms, the Directors of the Company be and they are hereby generally and unconditionally authorised for the purposes of section 551 of the Companies Act 2006 to allot the Intra-Group Shares, provided that: (i) the maximum aggregate nominal amount of relevant securities that may be allotted under this authority shall be the aggregate nominal amount of the said Intra-Group Shares referred to in paragraph (E)(i) above; (ii) this authority shall expire (unless previously revoked, varied or renewed) on 31 December 2020; and (iii) this authority shall be in addition, and without prejudice, to any other authority under the said section 551 previously granted and in force on the date on which this resolution is passed.

## **Resolution 2 – Articles of Association (Amendments in relation to the Scheme)**

THAT the articles of association of the Company be amended as follows:

By including the following new article as Article 158 immediately following the existing Article 157:

### **“SCHEME OF ARRANGEMENT**

#### **158. Shares not otherwise subject to the Scheme**

158.1 In this Article 158, references to the “Scheme” are to the scheme of arrangement between the Company and the Members dated 9 October 2020 as it may be modified or added to in accordance with its terms, and terms and expressions defined in the Scheme shall have the same meaning when used in this Article 158.

158.2 Notwithstanding any other provision in these Articles, if any Old OSB Share is allotted and issued to any person (a “**New Member**”) other than OSB GROUP PLC (registered no. 11976839) (“**OSB GROUP PLC**”) and/or its nominee(s) after the adoption of this Article 158 and on or before the Scheme Record Time (other than any Old OSB Share issued to OSB GROUP PLC or its nominees or any member of its group), such Old OSB Share shall be allotted and issued subject to the terms of the Scheme and shall accordingly constitute a Scheme Share for the purposes thereof, and any New Member, and any subsequent holder other than OSB GROUP PLC and/or its nominee(s), shall be bound by the terms of the Scheme.

158.3 Subject to the Scheme taking effect, if any Old OSB Share shall be issued after the Scheme Record Time to any New Member, such Old OSB Share shall be allotted and issued on terms that, immediately upon its allotment or issue or, if later, immediately after the Scheme Effective Date, it shall be transferred to OSB GROUP PLC and/or its nominee(s).

158.4 The number of New OSB Shares to be issued or transferred to the New Member under this Article 158 may be adjusted by the Directors following any variation in the share capital of either the Company or OSB GROUP PLC or such other event as the Directors consider fair and reasonable on such adjusted terms as the Directors may determine provided that no such adjustment may be made unless the auditors of the Company have confirmed in writing to the Directors that, in their opinion, such adjustment is fair and reasonable, and provided always that any fractions of New OSB Shares shall be disregarded and shall be aggregated and sold for the benefit of OSB GROUP PLC.

158.5 The consideration for any transfer provided for in Article 158.3 shall be the allotment and issue by OSB GROUP PLC to the New Member of one New OSB Share, credited as fully paid, for each Old OSB Share so transferred.

158.6 In order to give effect to any transfer required by this Article 158, the Secretary or any person appointed by him may execute and deliver on behalf of the New Member or subsequent holder of Old OSB Shares a form of transfer in favour of OSB GROUP PLC, and agree for and on behalf of such person to become a member of OSB GROUP PLC. Pending the registration of OSB GROUP PLC as holder of any share to be transferred pursuant to this Article 158, OSB GROUP PLC shall be empowered to appoint a person nominated by the Directors to act as attorney on behalf of any holder of such share in accordance with such directions as OSB GROUP PLC may give in relation to any dealing with or disposal of such share (or any interest therein), exercising any rights attached thereto or receiving any distribution or other benefit accruing or payable in respect thereof and any holder of such shares shall exercise all rights attached thereto in accordance with the directions of OSB GROUP PLC but not otherwise.

## **Resolution 3 – Articles of Association (General Amendments)**

THAT the articles of association of the Company be amended as follows:

By deleting and replacing the definition of “clear days’ notice” in existing Article 2.1 with the following:

“**clear days**” in relation to a period of a notice, means that the notice shall be exclusive of the day on which it is given or deemed to be given and of the day for which it is given or on which it is to take effect.



By including the following definitions and interpretive provisions in existing Article 2.1:

“**electronic facility**” includes (without limitation) website addresses and conference call systems and any device, system, procedure, method or other facility providing an electronic means of attendance at and/or participation in a general meeting of the Company decided by the Directors under these Articles and available in respect of that meeting;

“**Operator**” means a person approved under the Regulations as operator of a relevant system; and

“**satellite meeting**” means a meeting where the Directors decide to let persons entitled to attend and participate in a general meeting do so by simultaneous attendance and participation at a place anywhere in the world.

By including the following new Article 2.9 immediately following the existing Article 2.9:

2.9 References to a meeting refer to a meeting convened and held in any manner permitted by these Articles, including a general meeting of the Company at which any of those entitled to be present attend and participate by means of an electronic facility and/or attend and participate at a satellite meeting, and such persons shall be deemed to be present at that meeting for all purposes of the Companies Acts and these Articles and “attend”, “attending”, “attendance”, “participate”, “participating” and “participation” shall be construed accordingly.

By deleting existing Article 8 and replacing it with the following new Article 8:

#### **8. Payment of commission and/or brokerage**

The Company may exercise all powers of paying commission and/or brokerage conferred by the Statutes. Such commission and/or brokerage may be satisfied by the payment of cash or the allotment of fully, or partly, paid shares or partly in one way and partly in the other

By deleting existing Article 11 and replacing it with the following new Article 11:

#### **11. Uncertificated shares**

11.1 Unless otherwise determined by the Directors and permitted by the Regulations, no person shall be entitled to receive a certificate in respect of any share for so long as the title to that share is evidenced otherwise than by a certificate and for so long as transfers of that share may be made otherwise than by a written instrument by virtue of the Regulations. Notwithstanding any provisions of these Articles, the Directors shall have power to implement any arrangements they may, in their absolute discretion, think fit in relation to the evidencing of title to and transfer of an uncertificated share (subject always to the Regulations and the facilities and requirements of the relevant system concerned). No provision of these Articles shall apply or have effect to the extent that it is in any respect inconsistent with:

- (a) the holding of shares in uncertificated form;
- (b) the transfer of title to shares by means of a relevant system;
- (c) any provision of the Regulations; and
- (d) the exercise of any powers or functions of the Company or the effecting by the Company of any actions by means of a relevant system,

and, without prejudice to the generality of this Article, no provision of these Articles shall apply or have effect to the extent that it is in any respect inconsistent with the maintenance, keeping or entering by the Operator, so long as that is permitted or required by the Regulations, of an Operator register of securities in respect of shares in uncertificated form.

11.2 Conversion of a certificated share into an uncertificated share, and vice versa, may be made in such manner as the Directors may, in their absolute discretion, think fit (subject always to the Regulations and the facilities and requirements of the relevant system concerned).

11.3 The Company shall enter on the Register how many shares are held by each Member in uncertificated form and in certificated form and shall maintain the Register in each case as required by the Regulations and the relevant system concerned. Unless the Directors otherwise



determine, holdings of the same holder or joint holders in certificated form and uncertificated form shall be treated as separate holdings.

- 11.4 A class of share shall not be treated as two classes by virtue only of that class comprising both certificated shares and uncertificated shares or as a result of any provision of these Articles or the Regulations which applies only in respect of certificated or uncertificated shares.
- 11.5 If, under these Articles (including, in particular, Articles 48 to 50, 54 and 71) or the Statutes, the Company is entitled to sell, transfer or otherwise dispose of, forfeit, re-allot, accept the surrender of or otherwise enforce a lien over an uncertificated share, then, subject to these Articles and the Statutes, such entitlement shall include the right of the Directors to:
- (a) require the holder of that uncertificated share by notice in writing to change that share from uncertificated to certificated form within such period as may be specified in the notice and keep it as a certificated share for as long as the Directors require;
  - (b) appoint any person to take such other steps, by instruction given by means of a relevant system or otherwise, in the name of the holder of such share as may be required to effect the transfer of such share and such steps shall be as effective as if they had been taken by the registered holder of that share; and
  - (c) take such other action that the Directors consider appropriate to achieve the sale, transfer, disposal, forfeiture, re-allotment or surrender of that share or otherwise to enforce a lien in respect of that share.
- 11.6 Unless the Directors otherwise determine or the Regulations otherwise require, any shares issued or created out of or in respect of any uncertificated shares shall be uncertificated shares and any shares issued or created out of or in respect of any certificated shares shall be certificated shares.
- 11.7 The Company shall be entitled to assume that the entries on any record of securities maintained by it in accordance with the Regulations and regularly reconciled with the relevant Operator register of securities are a complete and accurate reproduction of the particulars entered in the Operator register of securities and shall accordingly not be liable in respect of any act or thing done or omitted to be done by or on behalf of the Company in reliance on such assumption; in particular, any provision of these articles which requires or envisages that action will be taken in reliance on information contained in the register shall be construed to permit that action to be taken in reliance on information contained in any relevant record of securities (as so maintained and reconciled).
- 11.8 The provisions of Articles 12 to 15 inclusive shall not apply to uncertificated shares.

By deleting existing Article 37 and replacing it with the following new Article 37:

### **37. Transfers of uncertificated shares**

All transfers of uncertificated shares shall be made in accordance with and be subject to the provisions of the Regulations and the facilities and requirements of the relevant system and in accordance with any arrangement made by the Directors pursuant to Article 10.1. No provision of these Articles shall apply in respect of an uncertificated share to the extent that it requires or contemplates the effecting of a transfer by an instrument in writing or the production of a certificate for the share to be transferred.

By deleting existing Article 40 and replacing it with the following new Article 40:

### **40. Further rights to decline registration**

- 40.1 In relation to a certificated share, the Directors may decline to recognise any instrument of transfer unless:
- (a) the instrument of transfer is duly stamped or duly certified or otherwise shown to the satisfaction of the Directors to be exempt from stamp duty and is left at the Office, or at such other place as the Directors may from time to time determine, accompanied (save in the case of a transfer by a person to whom the Company is not required by law to issue a certificate and to whom a certificate has not been issued) by the certificate(s) of the shares to which it relates and such other evidence as the Directors may reasonably require to

show the right of the transferor to make the transfer (and, if the instrument of transfer is executed by some other person on his behalf, the authority of that person so to do); and

(b) the instrument of transfer is in respect of only one class of share.

40.2 In relation to an uncertificated share, the Directors may decline to recognise any instrument of transfer in the circumstances set out in the Regulations.

40.3 For all purposes of these Articles relating to the registration of transfers of shares, the renunciation of the allotment of any shares by the allottee in favour of some other person shall be deemed to be a transfer and the Directors shall have the same powers of refusing to give effect to such a renunciation as if it were a transfer.

By deleting existing Article 47 and replacing it with the following new Article 47:

#### **47. Restrictions on elections**

A person becoming entitled to a share by reason of the death or bankruptcy of the holder or otherwise by operation of law shall, upon supplying to the Company such evidence as the Directors may reasonably require to show his title to the share, be entitled to the same dividends and other advantages to which he would be entitled if he were the registered holder of the share, except that he shall not, before being registered as a Member in respect of the share, be entitled in respect of it to exercise any right conferred by membership in relation to meetings of the Company (including meetings of the holders of any class of shares in the Company), provided always that the Directors may at any time give notice requiring any such person to elect either to be registered himself or to transfer the share, and, if the notice is not complied with within 60 days, the Directors may thereafter withhold payment of all dividends, bonuses or other monies payable in respect of the share until the requirements of the notice have been complied with.

By deleting existing Article 49 and replacing it with the following new Article 49:

#### **49. Power to sell shares**

The Company shall be entitled to sell, at the best price reasonably obtainable at the time of sale, any share of a Member or any share to which a person is entitled by transmission if and provided that:

49.1 for a period of 12 years, no cheque, warrant or order sent by the Company in the manner authorised by these Articles in respect of the share in question has been cashed and no communication has been received by the Company from the Member or the person entitled by transmission; provided that, in such period of 12 years, at least three dividends whether interim or final on or in respect of the share in question have become payable and no such dividend during that period has been claimed; and

49.2 the Company has, on or after expiration of the said period of 12 years, given notice of its intention to sell such share by sending a notice to the last known address of the Member or the address at which service of notices may be effected in accordance with these Articles, provided that the Company must have used such efforts as it considers reasonable to trace the Member or person entitled by transmission before sending such notice; and

49.3 the Company has not, during the further period of three months after the Company has completed the steps it considers reasonable to trace the Member or person entitled by transmission and prior to the exercise of the power of sale, received any communication from the Member or person entitled by transmission; and

49.4 if the shares are admitted to the Official List of the Financial Conduct Authority or admitted to AIM, the Company has given notice to a Regulatory Information Service (as defined in the Financial Conduct Authority Listing Rules) of its intention to sell such shares.

By deleting existing Article 52 and replacing it with the following new Article 52:

#### **52. No Trust**

No trust shall be created in respect of the debt, no interest shall be payable in respect of the same and the Company shall not be required to account for any money earned on the net proceeds, which may be employed in the business of the Company or invested in such investments (other than shares of the

Company or its holding company (if any)) as the Directors may from time to time think fit. If no valid claim for the money has been received by the Company during a period of two years from the date on which the relevant shares were sold by the Company under Articles 48, 49 or 50 the money will be forfeited and will belong to the Company.

By deleting existing Article 54.2(b) and replacing it with the following new Article 54.2(b):

54.2(b) The resolution pursuant to which any share is sub-divided may determine that as between the resulting shares one or more of such shares may be given any preference, advantage or deferred or other right or be subject to any restriction as regards dividend, capital, voting or otherwise over the others or any other of such shares.

By removing existing Article 56.

By removing existing Article 57.

By deleting existing Article 58 and replacing it with the following new Article 58:

### **58. Convening of general meetings**

The Directors may, whenever they think fit, convene a general meeting at such time and place as the Directors shall appoint, and general meetings shall also be convened on such requisition, or, in default, may be convened by such requisitionists, as provided by the Statutes.

By including the following new article as Article 59A immediately following the existing Article 59:

### **59A. Participation in general meetings**

59A.1 The Directors may make any arrangements they decide fit to allow those entitled to do so to attend and participate in any general meeting.

59A.2 Unless the notice of meeting says otherwise or the chair of the meeting decides otherwise, a general meeting will be treated as taking place where the chair of the meeting is at the time of the meeting.

59A.3 Two or more persons who may not be in the same place as each other attend and participate in a general meeting if they are able to exercise their rights to speak and vote at that meeting. A person is able to exercise the right to speak at a general meeting if that person can communicate to all those attending the meeting while the meeting is taking place. A person is able to exercise the right to vote at a general meeting if that person can vote on resolutions put to the meeting (or, in relation to a poll, can vote within the required time frame) and that person's vote can be taken into account in deciding whether or not such resolutions are passed at the same time as the votes of others attending the meeting.

59A.4 When deciding whether a person is attending or participating in a meeting other than at a physical place, it is immaterial where that person is or how that person is able to communicate with others who are attending and participating.

59A.5 Where holders of, and persons entitled by transmission to, shares can participate at a general meeting by means of an electronic facility, any document required to be on display or available for inspection will be made available for the required period in electronic form to those persons entitled to inspect it and this will satisfy any such requirement.

By deleting existing Article 62 and replacing it with the following new Article 62:

### **62. Omission or non-receipt of notice of resolution or meeting or proxy**

The accidental failure to give notice of a meeting, or of a resolution intended to be moved at a meeting, or to issue an invitation to appoint a proxy with notice where required by these Articles, to any one or more persons entitled to receive notice, or the non-receipt of notice of a meeting or of such a resolution or of an invitation to appoint a proxy by any such persons, shall be disregarded for the purpose of determining whether notice of the meeting or of any resolution to be moved at the meeting is duly given. A Member present in person or by proxy at a meeting shall be deemed to have received proper notice of that meeting and, where applicable, of the purpose of that meeting.

By deleting existing Article 63 and replacing it with the following new Article 63:

**63. Postponement of general meetings**

If the Directors, in their absolute discretion, consider that it is impractical or undesirable for any reason to hold a general meeting on the date or at the time or place (or places in the case of a satellite meeting) specified in the notice calling the general meeting or by means of any electronic facility available for that meeting or if otherwise the Directors, in their absolute discretion, consider it appropriate to alter any of the other arrangements in relation to a general meeting, they may postpone or move the general meeting or change, cancel or introduce any electronic facility or make other alterations in respect of the general meeting (or do any of these things). When a meeting is so rearranged, notice of the date, time and place (or places in the case of a satellite meeting) of, or other alterations in respect of, the rearranged meeting shall be given in such manner as the Directors may, in their absolute discretion, determine. Notice of the business to be transacted at such rearranged meeting shall not be required. If a meeting is rearranged in this way, the appointment of a proxy will be valid if it is received as required by these Articles not less than 48 hours before the time appointed for holding the rearranged meeting. The Directors may also postpone, move or make other arrangements in respect of the rearranged meeting under this Article (or do any of these things).

By deleting existing Article 65 and replacing with the following new Article 65:

**65. Procedure if quorum not present**

If within five minutes (or such longer time as the chair of the meeting may decide) from the time appointed for the meeting a quorum is not present, or if during the meeting a quorum ceases to be present, the meeting, if convened by or upon the requisition of Members, shall be dissolved. In any other case it shall stand adjourned to such day, time and place or places and with such means of attendance and participation as the chair of the meeting shall decide. If at such adjourned meeting a quorum is not present within five minutes from the time appointed therefor, the Member or Members present in person or by proxy and entitled to vote shall have power to decide upon all matters which could properly have been disposed of at the meeting from which the adjournment took place.

By deleting existing Article 66 and replacing it with the following new Article 66:

**66. Arrangements for simultaneous attendance, electronic facilities, security and orderly conduct**

- 66.1 In the case of any general meeting, the Directors may, notwithstanding the specification in the notice convening the general meeting of the place at which the chair of the meeting shall preside (the "Principal Place"), make any arrangements for simultaneous attendance and participation at a satellite meeting or by means of an electronic facility by Members and proxies and others entitled to attend and participate in the general meeting. Members present in person or by proxy at such satellite meeting or by means of such electronic facility will be counted in the quorum for, and entitled to participate in, the general meeting.
- 66.2 Such arrangements for simultaneous attendance at the general meeting may include arrangements regarding the level of attendance at the satellite meeting provided that they shall operate so that any Members and proxies excluded from attendance at the Principal Place are able to attend at the satellite meeting. For the purpose of all other provisions of these Articles, any such satellite meeting shall be treated as being held and taking place at the Principal Place and the powers of the chair will apply to the satellite meeting and any Member present in person or by proxy at a satellite meeting, or by means of an electronic facility shall be counted in the quorum for, and entitled to participate in, the general meeting.
- 66.3 Any general meeting at which electronic facilities are available and any satellite meeting will be duly constituted and its proceedings valid if the chair is satisfied that facilities are available throughout the general meeting to enable all Members attending the meeting by whatever means and at all the general meeting places to:
  - (a) participate in the business for which the general meeting has been called;
  - (b) hear all the people who speak at the general meeting and at any satellite meeting; and
  - (c) be heard by all other people attending and participating in the general meeting (including those attending and participating at the Principal Place, any satellite meeting or by means of electronic facilities).

- 66.4 The Directors may, for the purpose of facilitating the organisation and administration of any general meeting to which such arrangements apply, from time to time make arrangements, whether involving the issue of tickets (on a basis intended to afford to all Members and proxies and others entitled to attend the meeting an equal opportunity of being admitted to the Principal Place) or the imposition of some random means of selection or otherwise as they shall in their absolute discretion consider to be appropriate, and may from time to time vary any such arrangements or make new arrangements in their place. The entitlement of any Member or proxy or other person entitled to attend a general meeting at the Principal Place shall be subject to such arrangements as may for the time being be in force whether stated in the notice of the general meeting to apply to that Meeting or notified to the Members concerned subsequent to the provision of the notice of the general meeting.
- 66.5 The Directors or the chair of the meeting or any person authorised by the Directors may direct that Members, proxies or corporate representatives wishing to attend any general meeting or anyone else permitted by the chair of the meeting to attend, should submit to such searches or other security arrangements or restrictions (including, without limitation, restrictions on items of personal property which may be taken into the meeting) or any other arrangements as the Directors or the chair of the meeting or such person authorised by the Directors shall consider appropriate in the circumstances. Such persons shall be entitled in their absolute discretion to refuse physical or electronic entry to, or to eject from (physically or electronically), such general meeting any such person who fails to submit to such searches or otherwise to comply with such security arrangements or restrictions. Where the meeting is held partly by means of an electronic facility, the Directors or the chair of the meeting or any person authorised by the Director may make any arrangement and impose any requirement or restriction that is necessary to ensure the identification of those taking part by this means and the security of the electronic facility.
- 66.6 The Directors or the chair of the meeting or any person authorised by the Directors may, at any meeting, take such action as is thought fit to secure the safety of the people attending the meeting (physically or electronically) and to promote the orderly conduct of the business of the meeting as laid down in the notice of the meeting and the chair of the meeting's decision on matters of procedure or matters arising incidentally from the business of the meeting shall be final, as shall be his determination as to whether any matter is of such a nature.

By deleting existing Article 68 and replacing it with the following new Article 68:

## **68. Adjournments**

- 68.1 The chair of the meeting may, at any time without the consent of the meeting, adjourn any meeting (whether or not it has commenced or has already been adjourned or a quorum is present) either sine die or to another time or place (or places in the case of a satellite meeting) and with such means of attendance and participation as the chair decides, where it appears to him that (i) the Members wishing to attend cannot be conveniently accommodated in the place(s) appointed for the meeting, (ii) the conduct of any persons prevents or is likely to prevent the orderly continuation of business, (iii) an adjournment is otherwise necessary so that the business of the meeting may be properly conducted, or (iv) the facilities or security at the place (or places in the case of a satellite meeting) of the meeting or the electronic facility provided for the meeting have become inadequate or are otherwise not sufficient to allow the meeting to be conducted as intended.
- 68.2 The chair of the meeting may, with the consent of any meeting at which a quorum is present (and shall if so directed by the meeting), adjourn the meeting from time to time and from place to place (or places in the case of a satellite meeting); but no business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place. When a meeting is adjourned for 30 days or more, not less than seven clear days' notice of the adjourned meeting shall be given specifying the day, the place and the time of the meeting as in the case of an original meeting, but it shall not be necessary to specify in such notice the nature of the business to be transacted at the adjourned meeting if the nature of such business was stated in the notice of the original meeting. If business is to be transacted at the adjourned meeting the general nature of which was not given in the notice of the original meeting, notice of the adjourned meeting shall be given as in the case of the original meeting.



Save as aforesaid it shall not be necessary to give any notice of an adjournment. Any meeting may be adjourned more than once.

By deleting existing Article 69 and replacing it with the following new Article 69:

**69. Entitlement to attend and speak**

- 69.1 Each Director shall be entitled to attend and speak at any general meeting of the Company and at any separate general meeting of the holders of any class of shares in the Company. The chair of the meeting may invite any person to attend and speak at any general meeting of the Company whom the chair of the meeting considers to be equipped by knowledge or experience of the Company's business to assist in the deliberations of the meeting.
- 69.2 All persons seeking to attend and participate in a general meeting by way of electronic facility are responsible for maintaining adequate facilities to enable them to do so. Subject to the right of the chair to adjourn a general meeting under these Articles, any inability of a person to attend or participate in a general meeting by means of electronic facility shall not invalidate the proceedings of that meeting.
- 69.3 Nothing in these Articles authorises or allows a general meeting to be held exclusively on an electronic basis.

By deleting existing Article 70 and replacing it with the following new Article 70:

**70. Amendments to resolutions**

If an amendment shall be proposed to any resolution under consideration but shall in good faith be ruled out of order by the chair of the meeting the proceedings on the substantive resolution shall not be invalidated by any error in such ruling. In the case of a resolution duly proposed as a special resolution, no amendment thereto (other than an amendment to correct a patent error) may in any event be considered or voted upon and, in the case of a resolution duly proposed as an ordinary resolution, no amendment thereto (other than an amendment to correct a patent error) may be considered or voted upon unless (i) notice in writing of the terms of the amendment and intention to move the same has been received by the Company at the Office at least two working days prior to the date appointed to hold the meeting or the adjourned meeting at which such ordinary resolution is to be proposed, or (ii) the chair of the meeting, in his absolute discretion, decides that it may be considered or voted upon. With the consent of the chair of the meeting, an amendment may be withdrawn by its proposer before it is put to the vote.

By deleting existing Article 71 and replacing it with the following new Article 71:

**71. Method of voting and demand for a poll**

- 71.1 A resolution put to the vote at a meeting held partly by means of an electronic facility will be decided on a poll, which poll votes may be cast by such electronic means as the Directors decide are appropriate. Any such poll will be treated as having been validly demanded at the time fixed for the holding of the meeting. At any general meeting, a resolution put to the vote of the meeting shall be decided on a show of hands unless a poll is (before, or on the declaration of the result of, the show of hands) demanded:
- (a) by the chair of the meeting; or
  - (b) by at least five Members present in person or by proxy and having the right to vote on the resolution; or
  - (c) by any Member or Members present in person or by proxy and representing in aggregate not less than one-tenth of the total voting rights of all the Members having the right to vote on the resolution (excluding any voting rights attached to any shares in the Company held as treasury shares); or
  - (d) by a Member or Members present in person or by proxy holding shares in the Company conferring a right to vote on the resolution being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all shares conferring that right (excluding any shares in the Company conferring a right to vote on the resolution which are held as treasury shares).



71.2 Unless a poll is so demanded (and the demand is not subsequently withdrawn), a declaration by the chair of the meeting that a resolution has on a show of hands been passed or passed unanimously, or with a particular majority, or lost, or an entry to that effect in the minutes of the meeting of the Company shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against such resolution.

71.3 Except as provided in Article 69, if a poll is duly demanded it shall be taken in such manner (including the use of ballot or voting papers or tickets) as the chair of the meeting directs and he may appoint scrutineers and fix a time and place for declaring the result of the poll. The result of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded.

By deleting existing Article 72 and replacing it with the following new Article 72:

## **72. Timing and procedure for a poll**

A poll demanded on the election of a chair of the meeting or on the question of an adjournment shall be taken forthwith. A poll demanded on any other question shall be taken either immediately or at such subsequent time (not being more than 30 clear days after the date of the meeting or adjourned meeting at which the poll is demanded) and at such time and place or places and by means of such attendance and participation as the chair of the meeting may direct. No notice need be given of a poll not taken immediately. Any business other than that upon which a poll has been demanded may be proceeded with pending the taking of the poll. The demand for a poll may be withdrawn with the consent of the chair of the meeting at any time before the close of the meeting or the taking of the poll, whichever is the earlier, and in that event shall not invalidate the result of a show of hands declared before the demand was made.

By including the following new Article 73.2 immediately following the existing Article 73.1:

73.2 Where a proxy is given discretion as to how to vote on a show of hands, this shall be treated as an instruction by the relevant Member as to vote in the way in which the proxy elects to exercise that discretion.

By deleting existing Article 80 and replacing it with the following new Article 80:

## **80. Delivery of proxies**

80.1 The appointment of a proxy shall:

- (a) (in the case of an appointment not sent in electronic form) be deposited at the Office or at such other place or one of such places (if any) within the United Kingdom as is or are specified for that purpose in or by way of note to the notice convening the meeting or any document accompanying such notice together with (if required by the Directors) any authority under which it is made or a copy of the authority, certified notarially or in accordance with the Powers of Attorney Act 1971 or in some other manner approved by the Directors; or
- (b) (in the case of an appointment sent in electronic form) where an address has been specified for the purpose by the Company (generally or specifically), be received at such address together with (if required by the Directors) any authority pursuant to which such appointment is made or a copy, certified notarially or in accordance with the Powers of Attorney Act 1971 or in some other manner approved by the Directors,

not less than 48 hours before the time for holding the meeting or adjourned meeting at which the person named in the appointment proposes to vote or, in the case of a poll taken otherwise than at or on the same day as the meeting or adjourned meeting, not less than 24 hours before the time appointed for the taking of the poll at which it is to be used, and in default the appointment of a proxy shall not be treated as valid. Failing previous registration with the Company, the power of attorney or other authority, if any, under which the appointment of a proxy is executed, or a notarially certified copy or a copy certified in accordance with the Powers of Attorney Act 1971 of that power or authority, or a copy in some other way approved by the Directors, shall (whether (a) or (b) above shall apply) also be deposited or received at the Office or at such other place specified in accordance with (a) above, or (if the Directors so agree) at the address or by the means provided in accordance with (b) above, not later than the time by which the appointment of a proxy is required to be deposited or (as the case may be) received in accordance with this

Article. When calculating any periods mentioned in this Article, the Directors may specify that no account shall be taken of any part of a day that is not a working day.

Without limiting the foregoing, in relation to any shares which are held in uncertificated form, the Directors may from time to time permit appointments of a proxy to be made by an Uncertificated Proxy Instruction, (that is, a properly authenticated dematerialised instruction, and/or other instruction or notification, which is sent by means of the relevant system concerned and received by such participant in that system acting on behalf of the Company as the Directors may prescribe, in such form and subject to such terms and conditions as may from time to time be prescribed by the Directors (subject always to the facilities and requirements of the relevant system concerned)); and may in a similar manner permit supplements to, or amendments or revocations of, any such Uncertificated Proxy Instruction to be made by like means. Notwithstanding any other provision of these Articles, the Directors may, in addition, prescribe the method of determining the time at which any such properly authenticated dematerialised instruction (and/or other instruction or notification) is to be treated as received by the Company or such participant. The Directors may treat any such Uncertificated Proxy Instruction which purports to be or is expressed to be sent on behalf of a holder of a share as sufficient evidence of the authority of the person sending that instruction to send it on behalf of that holder.

- 80.2 If two or more valid but differing appointments of a proxy are delivered or (in the case of appointments in electronic form) received in accordance with Article 76.1 in respect of the same share for use at the same meeting, the one which is last delivered or, as the case may be, received as aforesaid (regardless of its date, its date of sending or the date of its execution) shall be treated as replacing and revoking the others as regards that share. If the Company is unable to determine which was delivered or received last, none of them shall be treated as valid in respect of that share. The proceedings of a meeting shall not be invalidated where an appointment of a proxy in respect of that meeting is sent in electronic form as provided in these Articles, but it cannot be read by the recipient because of a technical problem.

By deleting existing Article 90 and replacing it with the following new Article 90:

#### **90. Directors' fees**

The Directors shall be paid out of the funds of the Company by way of fees for their services as Directors such sums (if any) as the Directors may from time to time determine (not exceeding in the aggregate an annual sum (excluding amounts payable under any other provision of these Articles) of £1,000,000 or such larger amount as the Company may by ordinary resolution determine) and such remuneration shall be divided between the Directors as they shall agree or, failing agreement, equally. Such remuneration shall be deemed to accrue from day to day.

By deleting existing Article 92 and replacing it with the following new Article 92:

#### **92. Additional remuneration**

Any Director who is appointed to any executive office or who serves on any committee or who devotes special attention to the business of the Company, or who otherwise performs services which in the opinion of the Directors are outside the scope of the ordinary duties of a Director, may be paid such extra remuneration by way of salary, percentage of profits or otherwise as the Directors may determine in addition to any remuneration provided for by any Article.

By deleting existing Article 93 and replacing it with the following new Article 93:

#### **93. Alternate Directors**

- 93.1 Each Director shall have the power at any time to appoint as an alternate Director either (i) another Director or (ii) any other person approved for that purpose by a resolution of the Directors, and, at any time, to terminate such appointment. Every appointment and removal of an alternate Director shall be in writing signed by the appointor and (subject to any approval required) shall (unless the Directors agree otherwise) only take effect upon receipt of such written appointment or removal at the Office or at a meeting of the Directors or in the case of an appointment or removal in electronic form, at such address (if any) specified by the Company for that purpose. An alternate Director shall not be required to hold any shares in the capital of the Company and shall not be counted in reckoning the maximum and minimum numbers of Directors allowed or required by Article 80.

- 93.2 An alternate Director so appointed shall not be entitled as such to receive any remuneration from the Company except only such part (if any) of the remuneration otherwise payable to his appointor as such appointor may by notice in writing to the Company from time to time direct, but shall otherwise be subject to the provisions of these Articles with respect to Directors. An alternate Director shall during his appointment be subject in all respects to the provisions of these Articles relating to Directors and shall during his appointment be an officer of the Company and shall alone be responsible to the Company for his own acts and defaults and shall not be deemed to be an agent of his appointor. An alternate Director may be paid expenses and shall be entitled to be indemnified by the Company to the same extent as if he were a Director.
- 93.3 An alternate Director shall be entitled (subject to his giving to the Company either an address within the United Kingdom or an address for the purpose of sending or receiving documents or information by electronic means at which notices may be served upon him) to receive notices of all meetings of the Directors and of any committee of the Directors of which his appointor is a member, and shall be entitled to attend and vote as a Director at any such meeting at which his appointor is not personally present and generally in the absence of his appointor to perform and exercise all functions, rights, powers and duties as Director of his appointor.
- 93.4 The appointment of an alternate Director shall automatically determine on the happening of any event which, if he were a Director, would cause him to vacate such office or if his appointor shall cease for any reason to be a Director otherwise than by retiring and being re-appointed at the same meeting.
- 93.5 A Director or any other person may act as alternate Director to represent more than one Director and an alternate Director shall be entitled at meetings of the Directors or any committee of the Directors to one vote for every Director whom he represents in addition to his own vote (if any) as a Director, but he shall count as only one for the purpose of determining whether a quorum is present. Signature by an alternate Director of any resolution in writing of the Directors or a committee of the Directors shall, unless the notice of his appointment provides to the contrary, be effective as signature by his appointor.

By deleting existing Article 101.3(e) and replacing it with the following new Article 101.3(e):

- 101.3(e) Any contract, arrangement or transaction for the benefit of employees of the Company or any of its subsidiary undertakings which does not accord to him any privilege or advantage not generally accorded to the employees to whom the contract, arrangement or transaction relates.

By including the following new article as Article 101.3(f) immediately following the existing Article 101.3(e):

- 101.1(f) Any contract, arrangement or transaction concerning the adoption, modification or operation of a pension fund, superannuation or similar scheme or retirement, death or disability benefits scheme or employees' share scheme which relates both to the Directors and employees of the Company or any of its subsidiary undertakings and which does not accord to him any privilege or advantage not generally accorded to the employees to whom the fund or scheme relates.

By deleting existing Article 105 and replacing it with the following new Article 105:

## **REMOVAL, RETIREMENT AND RE-ELECTION OF DIRECTORS**

### **105. Vacation of a Director's office**

The office of a Director shall be vacated in any of the following events, namely:

- 105.1 if a bankruptcy order is made against him or he makes any arrangement or composition with his creditors generally;
- 105.2 if he becomes prohibited by law from acting as a Director;
- 105.3 if he is or has been suffering from mental or physical ill health and the Directors resolve that his office shall be vacated;

- 105.4 if he resigns his office by notice to the Company or offers to resign and the Directors resolve to accept such offer;
- 105.5 if, not having leave of absence from the Directors, he and his alternate (if any) fail to attend the meetings of the Directors for six successive months, unless prevented by illness, unavoidable accident or other cause which may seem to the Directors to be sufficient, and the Directors resolve that his office be vacated;
- 105.6 if, by notice in writing delivered to or received at the Office or, in the case of a notice in electronic form, at such address (if any) specified by the Directors for that purpose or tendered at a meeting of the Directors, his resignation is requested by all of the other Directors (but so that this shall be without prejudice to any claim such Director may have for damages for breach of any contract of service between him and the Company); or
- 105.7 he ceases to be a Director by virtue of the Statutes or is removed from office pursuant to these Articles.

By deleting existing Article 106 and replacing it with the following new Article 106:

**106. Regular submission of Directors for re-election**

At every annual general meeting, all the Directors at the date of the notice convening the annual general meeting shall retire from office. A retiring Director shall be eligible for re-appointment by the Members. A Director retiring at a meeting shall, if he is not re-appointed at such meeting, retain office until the meeting appoints someone in his place, or if it does not do so, until the conclusion of such meeting.

By deleting existing Article 114 and replacing it with the following new Article 114:

**114. Quorum at board meetings**

The Directors may determine the quorum necessary for the transaction of business and until otherwise determined two Directors shall constitute a quorum, provided that if at any time the holders of a majority of the shares have given notice to the Company in writing that one or more named Directors is required to be present for there to be a valid quorum, one or more such Director must be present (unless all such Directors have consented in writing to the meeting being held without them). Subject to the provisions of these Articles, any Director who ceases to be a Director at a Board meeting may continue to be present and to act as a Director and be counted in the quorum until the termination of the Board meeting if no other Director objects and if otherwise a quorum of Directors would not be present.

By deleting existing Article 117 and replacing it with the following new Article 117:

**117. Directors below minimum**

The continuing Directors or sole continuing Director may act notwithstanding any vacancy in their number. If the number of Directors is reduced below the number fixed by or pursuant to these Articles as the necessary quorum of Directors, the continuing Director(s) may fill vacancies or summon a general meeting of the Company for the purpose of appointing further Directors. If there are no Directors able or willing to act, then any two Members (excluding any Member holding shares as treasury shares) may summon a general meeting for the purpose of appointing Directors.

By deleting existing Article 131 and replacing it with the following new Article 131:

**131. Calculation of dividends**

Subject to the Statutes and as provided in these Articles, and to the rights of persons, if any, entitled to shares with any priority, preference or special rights as to dividend, all dividends shall be declared and paid according to the amounts paid up on the shares in respect of which the dividend is paid, but no amount paid up on a share in advance of calls shall be treated for the purpose of this Article as paid up on the share. All dividends shall be apportioned and paid proportionately to the amounts paid up on the shares during any portion or portions of the period in respect of which the dividend is paid; but if any share is issued on terms providing that it shall rank for dividend as if paid up in full or in part from a particular date, whether past or future, such share shall rank for dividend accordingly. Dividends may be declared or paid in any currency and the Directors may decide the basis of conversion for any currency conversions that may be required and how any costs involved are to be met.

By deleting existing Article 136 and replacing it with the following new Article 136:

**136. Forfeiture of dividends**

All dividends or other sums payable on or in respect of any share which remain unclaimed may be invested or otherwise made use of by the Directors for the benefit of the Company until claimed. All dividends or other sum unclaimed for a period of six years or more after it was declared or became due for payment shall be forfeited and shall revert to the Company unless the Directors decide otherwise. The payment of any unclaimed dividend or other sum payable by the Company on or in respect of any share into a separate account shall not constitute the Company a trustee thereof.

By deleting existing Article 138 and replacing it with the following new Article 138:

**138. Authority required**

138.1 An ordinary resolution of the Company shall be required before the Directors implement any Scrip Dividend Offer (which authority may extend to one or more offers).

138.2 An ordinary resolution of the Company shall be required for any capitalisation pursuant to Article 137.1 above.

138.3 A share premium account, a capital redemption reserve and a redenomination reserve and any other amounts which are not available for distribution may only be applied in the paying up of new shares to be allotted to holders of ordinary shares of the Company credited as fully paid up and, where the amount capitalised is applied in paying up in full shares that are to be allotted and distributed as fully paid up, the Company will also be entitled to participate in the relevant distribution in relation to any shares of the relevant class held by it as treasury shares and the proportionate entitlement of the relevant class of Members will be calculated accordingly.

By including the following new article as Article 144A immediately following the existing Article 144:

**144A. Strategic reports with supplementary material**

The Company may send or supply copies of its strategic reports with supplementary material to Members of the Company instead of copies of its full accounts and reports

By deleting existing Article 148 and replacing it with the following new Article 148:

**148. Notice deemed served**

148.1 Where a notice or other document or information is given, sent, supplied, delivered or provided by the Company by post, service of the notice or other document or information shall be deemed to be effected by properly addressing, prepaying, and posting it, or a letter containing the notice or other document or information, and to have been effected at the latest at the expiration of 24 hours after posting if first-class post was used and at the latest at the expiration of 48 hours after posting if first-class post was not used. In proving such service it shall be sufficient to prove that the notice, document or information, or the letter containing the same, was properly addressed and put in the post with postage paid.

148.2 Where a notice or other document or information is given, sent, supplied, delivered or provided by the Company by electronic means, service of the notice or other document or information shall be deemed to be effected by sending it by electronic means to an address for the time being notified to the person giving the notice or other document or information or as otherwise permitted by the Statutes for that purpose, and to have been effected at the latest at the expiration of 24 hours from when it was sent (even if the Company subsequently sends a hard copy of such notice, document or information by post). In proving such service by electronic means, it shall be sufficient to prove that the notice or other document or information was properly addressed subject to the provisions of section 1147(4) of the 2006 Act as to deemed delivery of documents or information by means of a website.

148.3 Any notice, document or other information not served, sent or supplied by post but left by the Company at a registered address or at an address (other than an address for the purposes of communications by electronic means) notified to the Company in accordance with these Articles by a person who is entitled by transmission to a share shall be deemed to have been received on the day it was so left.



148.4 Any notice, document or other information served, sent or supplied by the Company by means of a relevant system shall be deemed to have been received when the Company or any sponsoring system-participant acting on its behalf sends the issuer-instruction relating to the notice, document or other information.

148.5 Any notice, document or other information served, sent or supplied by the Company by any other means authorised in writing by the Member concerned shall be deemed to have been received when the Company has carried out the action it has been authorised to take for that purpose.

By deleting existing Article 150 and replacing it with the following new Article 150:

**150. Service of notice on persons entitled by transmission**

A notice or other document or information may be given, sent, supplied, delivered or provided by the Company to the persons entitled to a share in consequence of the death or bankruptcy of a Member or otherwise by operation of law by giving, sending, supplying, delivering or providing it addressed to them by name, or by the title of representatives of the deceased, or trustee of the bankrupt, or by any like description, to the address, if any, within the United Kingdom supplied for the purpose by the persons claiming to be so entitled or (until such an address has been so supplied) by giving, sending, supplying, delivering or providing the notice or other document or information in any manner in which the same might have been given, sent, supplied, delivered or provided if the death or bankruptcy or other event had not occurred. In either case, such giving, sending supply, delivery or provision shall for all purposes be sufficient service of such notice on all persons interested (whether jointly with or as claimants under him or them) in the share.

By including the following new article as Article 150A immediately following the existing Article 150:

**150A. Record date for service**

Any notice, document or other information may be served, sent or supplied by the Company by reference to the Register as it stands at any time not more than 15 days before the date of service, sending or supply. No change in the register after that time shall invalidate that service, sending or supply. Where any notice, document or other information is served on or sent or supplied to any person in respect of a share in accordance with these Articles, no person deriving any title or interest in that share shall be entitled to any further service, sending or supply of that notice or other information.

*Registered Office*

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

*By order of the Board*



Jason Elphick  
*Company Secretary*

9 October 2020



## **1. APPOINTMENT OF PROXIES**

A shareholder may appoint the Chairman of the OSB General Meeting as proxy to exercise its right to attend, speak and vote at the OSB General Meeting.

As the OSB General Meeting will be held in accordance with applicable government instructions in respect of the COVID-19 pandemic and the restrictions on social contact, public gatherings and non-essential travel applicable at the time of the OSB General Meeting, any individual (apart from the Chairman) who you appoint as your proxy may be refused entry to the OSB General Meeting if that individual seeks to attend in person.

Unless you have registered to receive shareholder documents via e-mail alert, a yellow form of proxy is enclosed.

## **2. ONLINE PROXY VOTING**

Alternatively, a shareholder may register a proxy vote online via the Equiniti website [www.sharevote.co.uk](http://www.sharevote.co.uk) subject to the terms and conditions shown on the website. To do this you will need your voting ID, task ID and shareholder reference number shown on your Form of Proxy. Shareholders registered with [www.shareview.co.uk](http://www.shareview.co.uk) can log on and vote through that service using their user ID and password. Once logged in click "View" on the "My Investments" page, click on the link to vote and then follow the on screen instructions.

## **3. INFORMATION RIGHTS**

A person who is not a shareholder, but who has been nominated by a shareholder to enjoy information rights does not have a right to appoint a proxy. A nominated person may have a right under an agreement with the relevant shareholder to be appointed as a proxy or to have somebody else appointed as a proxy for the meeting. If a nominated person does not have such a right, or has such a right and does not wish to exercise it, he or she may have a right under an agreement with the relevant shareholder to give instructions as to the exercise of voting rights.

## **4. RECORD DATE FOR VOTING**

Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001 and section 360B of the Companies Act 2006, the Company specifies that only those shareholders on the shareholder register as at close of business on 29 October 2020 or, if the meeting is adjourned at close of business on the day two (2) days prior to the adjourned meeting (excluding any part of a day that is not a working day) shall be entitled to attend or vote at the meeting in respect of the number of ordinary shares registered in their name at that time. Changes to the register after the close of business on the relevant date shall be disregarded in determining the rights of any person to attend by proxy or vote at the meeting or any adjourned meeting.

## **5. RETURN DATE FOR PROXIES**

To be effective, the yellow Form of Proxy, duly signed, or your online votes, must be sent to the Company's Registrars, Equiniti, so as to be received no later than 11.45 a.m. on 29 October 2020 using the pre-paid envelope provided. If you prefer, you may return the Form in an envelope to FREEPOST RTHJ-CLLL-KBKU Aspect House, Spencer Road, Lancing, West Sussex BN99 8LU. Completion and return of the yellow form of proxy will not prevent an OSB Shareholder from attending and voting at the OSB General Meeting (or any adjournment thereof) in person; however, as the OSB General Meeting will be held in accordance with applicable government instructions in respect of the COVID-19 pandemic and the restrictions on social contact, public gatherings and non-essential travel applicable at the time of the OSB General Meeting, you may be refused entry to the OSB General Meeting if you seek to attend in person.

## **6. CREST PROXY VOTING**

CREST members who wish to appoint a proxy through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST manual which can be viewed at [www.euroclear.com](http://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. CREST messages must, in order to be valid, be transmitted so as to be received by the company's agent, ID RA19, Equiniti, no later than 11.45 a.m. on 29 October 2020.

## **7. VOTING BY CORPORATE REPRESENTATIVES**

Any corporation which is a shareholder can appoint one or more corporate representatives who may exercise on its behalf all of the same powers as the corporation could exercise if it were an individual shareholder, provided they do not do so in relation to the same shares.

## **8. SHAREHOLDERS' RIGHT TO ASK QUESTIONS**

Given the continuing uncertainty of the situation regarding the COVID-19 pandemic, including the possibility of future lockdowns or continued or further government restrictions on social contact, public gatherings and non-essential travel, we strongly encourage you not to physically attend the Meetings.

Instead, OSB Shareholders will be able to use a video conferencing facility to allow them to listen to the proceedings at the Meetings but will not be able to ask questions during the Meetings. OSB Shareholders are invited to submit questions relating to the business to be dealt with at the Meetings by e-mail to [company.secretariat@osb.co.uk](mailto:company.secretariat@osb.co.uk) not later than 11.30 a.m. on 29 October 2020. The Company will endeavour to answer these questions at the Meetings, and, to the extent that such questions are material, publish such questions and the Company's response to such questions on the Company's website ([www.osb.co.uk/investors/](http://www.osb.co.uk/investors/)) so far as is practicable.

## **9. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents will be available for inspection at the Company's registered office at Reliance House, Sun Pier, Chatham, Kent ME4 4ET during normal business hours on any weekday until the conclusion of the Meetings:

- (A) the OSB Articles;
- (B) the New OSB Articles;
- (C) a comparison document showing all changes made to the OSB Articles in order to produce the New OSB Articles;
- (D) a comparison document showing all changes to be made to the OSB Articles in order to produce the New OSB Articles with equivalent amendments proposed by OSB Resolution 3 as set out in the Notice of OSB General Meeting, if approved; and
- (E) this document.

## **10. TOTAL VOTING RIGHTS**

As at the Latest Practicable Date the issued listed share capital of the Company with voting rights comprised 446,258,782 ordinary shares of one pence (1) each carrying one vote. The total voting rights in the Company as at the Latest Practicable Date were, therefore, 446,258,782.

## **11. COPY OF NOTICE AVAILABLE ON WEBSITE**

A copy of this Notice and other information required by section 311A of the Companies Act 2006 can be found at [www.osb.co.uk](http://www.osb.co.uk). You may not use any electronic address provided in either this Notice or any other related documents (including the Forms of Proxy) to communicate with the Company for any purposes other than those expressly stated.

## PART VIII

### SHAREHOLDER Q&A

It is proposed that the Company will be replaced as the holding company of the OSB Group by a new holding company by way of scheme of arrangement. The new holding company is OSB GROUP PLC (“**New OSB**”). You will receive one New OSB Share in exchange for each Old OSB Share that you hold.

New share certificates, for shareholders who hold their shares in certificated form, will be issued for the New OSB Shares which are allotted and issued pursuant to the Scheme and existing certificates in respect of Old OSB Shares will become invalid. However, the number of shares you hold and the way in which you receive payments will be unchanged. Subject to normal market fluctuations, the value of your shareholding should be unaffected.

Here is what you need to do:

- Read this Shareholder Q&A.
- Read the Chairman’s letter set out at Part I (*Letter from the Chair*) of this document. This explains what is happening and why the OSB Board recommends that you should vote in favour of the Scheme and the related proposals.
- Read the remainder of this document.

OSB Shareholders should read the whole of this document and not rely solely on this Shareholder Q&A. This Shareholder Q&A should not be regarded as a substitute for reading the whole document.

If you are in any doubt about the Scheme and the related proposals or the contents of this document or what action you should take, you are recommended to seek your own personal financial advice immediately from your stockbroker, bank manager, solicitor, accountant or other independent financial adviser duly authorised under FSMA if you are resident in the United Kingdom or, if not, from another appropriately authorised independent financial adviser in the relevant jurisdiction.

#### **1. WHAT IS BEING PROPOSED?**

It is proposed that a new non-trading listed holding company, New OSB, be put in place for the OSB Group, which is incorporated in England and Wales. There will be no change to the trading activities and businesses of the OSB Group and the Company will become an intermediate holding company of the OSB Group.

New OSB will own all of the ordinary shares in the Company and you will be issued with shares in New OSB, represented by a new share certificate (if you hold your shares in certificated form). The New OSB Shares will be admitted to listing on the premium listing segment of the Official List and to trading on the main market of the London Stock Exchange.

#### **2. WHY DOES THE OSB GROUP NEED A NEW PARENT COMPANY?**

On 13 July 2020, the Bank of England confirmed that the preferred resolution strategy for the OSB Group is to be bail-in with a single point of entry (being the level of the OSB Group at which bail-in powers would be exercised) at the parent company level. The Bank of England has given the OSB Group a transitional period of three years to meet its new interim MREL requirement (i.e., until 13 July 2023) and five years to meet its new end-state MREL requirement (i.e., until 13 July 2025).

The Company is proposing to establish a new holding company for the OSB Group to facilitate the issuance of MREL-qualifying debt instruments and compliance with the OSB Group’s MREL requirements, in line with its intention as stated at the time of the Charter Court Combination. The new holding company will also help ensure compliance with the OSB Group’s ‘single point of entry’ resolution strategy.

### **3. WHY IS THE COMPANY USING A SCHEME?**

The Scheme is a formal procedure under the Companies Act which is commonly used to carry out corporate reorganisations. The Scheme requires the approval of the shareholders of the Company and the Court. In addition, the Scheme requires customary regulatory approvals. If approved, all OSB Shareholders will be bound by the Scheme regardless of how they voted.

### **4. WHAT WILL I END UP WITH AFTER THE SCHEME COMES INTO EFFECT?**

If the Scheme becomes effective, you will receive one New OSB Share in place of each Old OSB Share held at the Scheme Record Time (which is expected to be 6.00 p.m. on 27 November 2020). The register of members of New OSB will be updated to reflect your shareholding on the Scheme becoming effective. If you hold your Old OSB Shares in a CREST account, the New OSB Shares will be credited to your CREST account and if you hold your Old OSB Shares in certificated form, share certificates for the New OSB Shares will be sent to you in due course.

### **5. DO I HAVE TO PAY ANYTHING UNDER THE SCHEME?**

No. All New OSB Shares being issued to OSB Shareholders pursuant to the Scheme are being exchanged for their existing Old OSB Shares. No additional payment is required.

### **6. DO I NEED TO VOTE?**

It is important that as many OSB Shareholders as possible cast their votes by proxy. This applies to the OSB Court Meeting and the OSB General Meeting. **In particular, it is important that as many votes as possible are cast at the OSB Court Meeting so as to demonstrate to the Court that there is a fair representation of OSB Shareholder opinion.**

In order for the Scheme and the related proposals to be implemented, the Scheme needs to be approved by a majority in number of the OSB Shareholders present and voting (either in person or by proxy) at the OSB Court Meeting and who represent not less than seventy-five per cent. (75%) of the nominal value of the Old OSB Shares voted (either in person or by proxy) by such OSB Shareholders. In addition, special resolutions to approve certain matters to give effect to the Scheme need to be duly passed at the OSB General Meeting by a majority of not less than seventy-five per cent. (75%) of the votes cast (either in person or by proxy).

### **7. HOW CAN I VOTE?**

Given the continuing uncertainty of the situation regarding the COVID-19 pandemic, including the possibility of future lockdowns or continued or further government restrictions on social contact, public gatherings and non-essential travel, we strongly encourage you not to physically attend the Meetings as such attendance may not be permitted at the time at which the Meetings are scheduled to take place.

Instead, you may appoint someone (known as a “proxy”) to act on your behalf and vote at the OSB Court Meeting and/or the OSB General Meeting. Given the aforementioned restrictions on social gatherings, we strongly encourage you to appoint the Chairman of the OSB Court Meeting and the Chairman of the OSB General Meeting as proxy for the relevant Meeting. Any individual apart from the Chairman who you appoint as your proxy may be refused entry to the Meetings if that individual seeks to attend in person.

### **8. HOW DO I APPOINT A PROXY?**

You may appoint your proxy by completing the blue Form of Proxy (in relation to the OSB Court Meeting) and the yellow Form of Proxy (in relation to the OSB General Meeting) and returning them in accordance with the instructions set out in paragraph 2 of Part II (*Explanation of the Scheme and its effects*) of this document and on the relevant Form of Proxy.

Alternatively, you can submit your proxy electronically at Equiniti’s website, [www.sharevote.co.uk](http://www.sharevote.co.uk) or if you are registered with [www.shareview.co.uk](http://www.shareview.co.uk), you can log on and vote through Equiniti’s service. If you hold your Old OSB Shares in uncertificated form through CREST, you may vote using the CREST electronic proxy appointment service in accordance with the procedures set out in the CREST manual.

**You are strongly encouraged to complete, sign and return your blue Form of Proxy and yellow Form of Proxy appointing the Chairman of the relevant Meeting as soon as possible.**

**9. WHEN WILL I RECEIVE MY NEW OSB SHARE CERTIFICATE?**

If you currently hold your Old OSB Shares in certificated form, it is expected that share certificates for New OSB Shares which are allotted and issued pursuant to the Scheme will be dispatched to you within 14 days after the Scheme Effective Date. These are important documents and should be retained in a safe place. If you have not received your new share certificate by 14 December 2020, please contact New OSB's Registrars, Equiniti.

