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If you have sold or transferred all of your ordinary shares in OneSavings Bank plc, please send this document and any other documents that accompany it as soon as possible 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 transferee. If you have sold or otherwise transferred only part of your holding, you should retain this document and its enclosures.

## Notice of Annual General Meeting



(incorporated and registered in England and Wales under number 07312896. Registered office: Reliance House, Sun Pier, Chatham, Kent, ME4 4ET)

Notice of Annual General Meeting  
on Thursday, 10 May 2018 at 11 am  
at the offices of Addleshaw Goddard LLP, Milton Gate,  
60 Chiswell Street, London EC1Y 4AG

## LETTER FROM THE CHAIRMAN



29 March 2018

Dear Shareholder

### **2017 ANNUAL REPORT AND ACCOUNTS AND 2018 ANNUAL GENERAL MEETING**

I am pleased to inform you that the 2017 Annual Report and Accounts and the Notice of the 2018 Annual General Meeting of OneSavings Bank plc (the 'Company') have now been published. A copy of the 2017 Annual Report and Accounts for the year ended 31 December 2017 is enclosed with this document, together with a Form of Proxy to enable you to exercise your voting rights.

This is my first Annual General Meeting ('AGM') as Chairman of your Company. The AGM will be held at the offices of Addleshaw Goddard LLP, Milton Gate, 60 Chiswell Street, London EC1Y 4AG on Thursday, 10 May 2018 at 11 am. Information on how to get to Addleshaw Goddard is included on the attendance card attached to the Form of Proxy.

The formal notice of AGM is set out on pages 2 to 5 of this document and contains the proposed Resolutions. Explanatory notes to the business to be considered are set out from page 6 of this document.

### **VOTING AT THE AGM**

This year, I will be inviting you to vote on all Resolutions at the AGM by way of a poll rather than on a show of hands. Poll voting is in line with practice increasingly adopted by UK public companies and provides a more transparent method of voting. It will result in a more accurate reflection of the views of shareholders by ensuring that every vote is recognised, including the votes of those shareholders who are unable to attend but who have appointed a proxy for the meeting. On a poll each shareholder has one vote for every share held. I would encourage shareholders to exercise their right to vote.

### **ACTION TO BE TAKEN**

If you would like to vote on the Resolutions to be proposed at the AGM but you are unable to attend in person, you can appoint another person as your proxy to exercise all or any of your rights to attend, vote and speak at the AGM by using one of the methods set out in the Notes section on page 10.

Whether or not you propose to attend the AGM, please complete and return the enclosed Form of Proxy so that it is received by the Company's Registrar, Equiniti, by no later than 11 am on Tuesday, 8 May 2018. If you are a member of CREST, you may submit a proxy appointment electronically through the CREST voting service. Further details are set out in the Notes section on page 10. The appointment of a proxy will not stop you from attending the AGM and voting in person should you so wish.

The results of voting on the Resolutions will be posted on the Company's website following the conclusion of the meeting.

### **RECOMMENDATION**

The Directors recommend shareholders to vote in favour of each of the Resolutions at the AGM. The Board considers that the Resolutions are in the best interests of the Company's shareholders as a whole and will promote the success of the Company for their benefit. The Directors intend to vote in favour of the Resolutions in respect of their own beneficial shareholdings in the Company (save in respect of those Resolutions in which they are interested).

I look forward to seeing you at the AGM.

Yours faithfully

A handwritten signature in black ink, which appears to read 'David Weymouth'. The signature is written in a cursive, flowing style.

**David Weymouth**  
Chairman

## NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of OneSavings Bank plc (the 'Company') will be held at the offices of Addleshaw Goddard LLP, Milton Gate, 60 Chiswell Street, London EC1Y 4AG on Thursday, 10 May 2018 at 11 am to consider and, if thought fit, pass the following Resolutions.

All Resolutions will be proposed as ordinary resolutions, save for Resolutions 11 to 15 inclusive which will be proposed as special resolutions.

1. To receive the audited financial statements and the Auditor's and Directors' reports for the year ended 31 December 2017.
2. To approve the Directors' Remuneration Report (excluding the Remuneration Policy) for the year ended 31 December 2017 as set out on pages 81 to 95 of the 2017 Annual Report and Accounts.
3. To approve the Directors' Remuneration Policy set out on pages 83 to 89 of the Directors' Remuneration Report contained in the 2017 Annual Report and Accounts.
4. To declare a final dividend of 9.3 pence per ordinary share in respect of the year ended 31 December 2017.
5. Election and re-election of Directors.

**To elect by separate resolution the following as an Independent Non-Executive Director of the Company:**

- (a) David Weymouth

**To re-elect by separate resolutions each of the following as a Director of the Company:**

**Independent Non-Executive Directors**

- (b) John Graham Allatt
- (c) Eric Anstee
- (d) Rodney Duke
- (e) Margaret Hassall
- (f) Mary McNamara

**Executive Directors**

- (g) Andrew Golding
- (h) April Talintyre

6. To re-appoint KPMG LLP as the Auditor of the Company.
7. To authorise the Audit Committee to agree the remuneration of the Auditor.
8. That the Directors are generally and unconditionally authorised pursuant to and in accordance with section 551 of the Companies Act 2006 (the 'Act') to exercise all the powers of the Company to allot shares in the Company and to grant rights to subscribe for, or to convert any security into, shares in the Company ('Rights'):
  - a. up to a maximum aggregate nominal amount of £814,409; and
  - b. comprising equity securities (within the meaning of section 560 of the Act) up to a further maximum aggregate nominal amount of £814,409 in connection with an offer by way of a rights issue:
    - (i) to ordinary shareholders in proportion (as nearly as may be practicable) to their existing holdings; and
    - (ii) to the holders of other equity securities, as required by the rights of those securities or as the Directors otherwise consider necessary,

and subject to such exclusions or other arrangements as the Directors may deem necessary or expedient to deal with treasury shares, fractional entitlements, record dates or legal, regulatory or practical problems arising under the laws or the requirements of any regulatory body or stock exchange in any territory or by virtue of shares being represented by depositary receipts or any other matter.

This authority shall expire at the conclusion of the next Annual General Meeting of the Company, or, if earlier, at the close of business on 30 June 2019, save that the Company shall be entitled to make offers or agreements before the expiry of such authority which would or might require shares to be allotted or Rights to be granted after such expiry and the Directors shall be entitled to allot shares and grant Rights pursuant to any such offer or agreement as if this authority had not expired; and all authorities vested in the Directors on the date of the notice of this meeting to allot shares and grant Rights that remain unexercised at the commencement of this meeting are hereby revoked.

9. That, in addition to the authority contained in Resolution 8 in the notice of this meeting, the Directors are generally and unconditionally authorised pursuant to and in accordance with section 551 of the Companies Act 2006 (the 'Act') to exercise all the powers of the Company to allot shares in the Company and to grant rights to subscribe for, or to convert any security into, shares in the Company:
- up to a maximum aggregate nominal amount of £293,187 in relation to the issue of Regulatory Capital Convertible Instruments; and
  - subject to applicable law and regulation, at such conversion prices (or such maximum or minimum conversion prices or conversion price methodologies) as may be determined by the Directors of the Company from time to time.

This authority shall expire at the conclusion of the next Annual General Meeting of the Company or, if earlier, at the close of business on 30 June 2019, save that the Company shall be entitled to make offers or agreements before the expiry of such authority which would or might require shares to be allotted or rights to be granted after such expiry and the Directors may allot shares and grant rights to subscribe for or to convert any security into shares, in pursuance of any such offer or agreement as if the authority had not expired.

10. That, in accordance with sections 366 and 367 of the Companies Act 2006 (the 'Act'), the Company and all companies that are its subsidiaries, at any time up to the conclusion of the next Annual General Meeting or, if earlier, up to the close of business on 30 June 2019, are authorised to:
- make political donations to political parties and/or independent election candidates;
  - make political donations to political organisations other than political parties; and
  - incur political expenditure;

up to an aggregate total amount of £50,000, with the amount authorised for each of heads (a) to (c) above being limited to the same total.

For the purposes of this authority the terms 'political donation', 'political parties', 'independent election candidates', 'political organisation' and 'political expenditure' have the meanings given by sections 363 to 365 of the Act.

11. That, subject to the passing of Resolution 8 in the notice of this meeting, the Directors are empowered pursuant to sections 570 and 573 of the Companies Act 2006 (the 'Act') to allot equity securities (within the meaning of section 560 of the Act) for cash either pursuant to the authority conferred by Resolution 8 in the notice of this meeting or by way of a sale of treasury shares as if section 561(1) of the Act did not apply to any such allotment or sale provided that this power shall be limited to:

- the allotment of equity securities and the sale of treasury shares in connection with an offer of or invitation to acquire equity securities (but in the case of the authority granted under sub-paragraph (b) of Resolution 8 in the notice of this meeting by way of a rights issue only):
  - to the holders of ordinary shares in proportion (as nearly as may be practicable) to their existing holdings; and
  - to the holders of other equity securities, as required by the rights of those securities or as the Directors otherwise consider necessary,and subject to such exclusions or other arrangements as the Directors may deem necessary or expedient to deal with treasury shares, fractional entitlements, record dates or legal, regulatory or practical problems arising under the laws of or the requirements of any regulatory body or stock exchange in any territory or by virtue of shares being represented by depositary receipts or any other matter; and
- the allotment (otherwise than pursuant to sub-paragraph (a) of this Resolution 11) to any person or persons of equity securities or sale of treasury shares up to a maximum aggregate nominal amount of £122,161.

Such power shall expire on the revocation or expiry (unless renewed) of the general authority conferred on the Directors by Resolution 8 in the notice of this meeting, save that the Company shall be entitled to make offers or agreements before the expiry of such power which would or might require equity securities to be allotted after such expiry and the Directors shall be entitled to allot equity securities pursuant to any such offer or agreement as if the power conferred hereby had not expired.

12. That, subject to the passing of Resolution 8 in the notice of this meeting and in addition to the power contained in Resolution 11 in the notice of this meeting, the Directors are empowered pursuant to sections 570 and 573 of the Companies Act 2006 (the 'Act') to allot equity securities (within the meaning of section 560 of the Act) for cash pursuant to the authority conferred by Resolution 8 in the notice of this meeting or by way of a sale of treasury shares as if section 561(1) of the Act did not apply, provided that this power is:
- limited to the allotment of equity securities or sale of treasury shares up to an aggregate nominal value of £122,161; and
  - used only for the purposes of financing (or refinancing, if the power is to be exercised within six months after the date of the original transaction) a transaction which the Directors determine to be an acquisition or other capital investment of a kind contemplated by the Statement of Principles on Disapplying Pre-Emption Rights most recently published by the Pre-Emption Group prior to the date of the notice of this meeting.

Such power shall expire on the revocation or expiry (unless renewed) of the authority conferred on the Directors by Resolution 8 in the notice of this meeting, save that the Company shall be entitled to make offers or agreements before the expiry of such power which would or might require equity securities to be allotted after such expiry and the Directors shall be entitled to allot equity securities pursuant to any such offer or agreement as if the power conferred hereby had not expired.

13. That, subject to the passing of Resolution 9 in the notice of this meeting and in addition to the powers contained in Resolutions 11 and 12 in the notice of this meeting, the Directors are empowered pursuant to sections 570 and 573 of the Companies Act 2006 (the 'Act') to allot equity securities (within the meaning of section 560 of the Act) for cash either pursuant to the authority conferred by Resolution 9 in the notice of this meeting or by way of a sale of treasury shares as if section 561 of the Act did not apply to any such allotment or sale.

Such power shall expire on the revocation or expiry (unless renewed) of the authority conferred on the Directors by Resolution 9 in the notice of this meeting, save that the Company shall be entitled to make offers or agreements before the expiry of such power which would or might require equity securities to be allotted after such expiry and the Directors shall be entitled to allot equity securities pursuant to any such offer or agreement as if the power conferred hereby had not expired.

14. That the Company is generally and unconditionally authorised for the purpose of section 701 of the Companies Act 2006 (the 'Act') to make market purchases (within the meaning of section 693(4) of the Act) of ordinary shares of £0.01 each in the capital of the Company on such terms and in such manner as the Directors may from time to time determine, provided that:

- a. the maximum aggregate number of ordinary shares hereby authorised to be acquired is 24,432,250;
- b. the minimum price (excluding expenses) which may be paid for any such share is £0.01;
- c. the maximum price (excluding expenses) which may be paid for any such share is the higher of (i) an amount equal to 5% above the average of the middle market quotations for an ordinary share in the Company as derived from The London Stock Exchange Daily Official List for the five business days immediately preceding the day on which such share is contracted to be purchased; and (ii) the higher of the price of the last independent trade of an ordinary share and the highest current independent bid for an ordinary share in the Company on the trading venues where the market purchases by the Company is carried out;
- d. the authority hereby conferred shall expire at the conclusion of the next Annual General Meeting or, if earlier, at the close of business on 30 June 2019 unless previously renewed, varied or revoked by the Company in general meeting; and
- e. the Company may, before this authority expires, make a contract to purchase its ordinary shares which would or might be executed wholly or partly after the expiry of this authority, and may purchase its ordinary shares pursuant to it as if this authority had not expired.

15. That a general meeting of the Company, other than an Annual General Meeting, may be called on not less than 14 clear days' notice.

By Order of the Board



**Jason Elphick**  
Group General Counsel and Company Secretary  
29 March 2018

**Registered Office:**

Reliance House  
Sun Pier  
Chatham  
Kent ME4 4ET

## EXPLANATORY NOTES

Information about the business to be considered at the AGM is set out below.

These explanatory notes should be read in conjunction with the 2017 Annual Report and Accounts. This Notice of AGM and the Annual Report and Accounts are available at [www.osb.co.uk](http://www.osb.co.uk). For the purpose of this Notice, the issued share capital of the Company with voting rights on 23 March 2018, being the latest practicable date prior to the printing of this document, was 244,322,500 ordinary shares of £0.01 each.

### **RESOLUTION 1: 2017 Annual Report and Accounts (ordinary resolution)**

The Directors of the Company present the Directors' reports, the Auditor's report and the audited financial statements of the Company for the financial year ended 31 December 2017 (the '2017 Annual Report and Accounts') to the AGM as required by the Companies Act 2006. In accordance with the UK Corporate Governance Code, the Company proposes, as an ordinary resolution, a resolution on the 2017 Annual Report and Accounts and shareholders may raise any questions on the 2017 Annual Report and Accounts under this Resolution.

### **RESOLUTION 2: Directors' Remuneration Report (excluding the Remuneration Policy) for the year ended 31 December 2017 (ordinary resolution)**

In accordance with the Companies Act 2006, shareholders are invited to approve the Directors' Remuneration Report for the year ended 31 December 2017. This consists of the Annual Statement from the Chair of the Remuneration Committee and the Annual Report on Remuneration, which may be found on pages 81 to 95 of the 2017 Annual Report and Accounts. It details the Directors' remuneration for the year ended 31 December 2017 and sets out the way in which the Company intends to implement the Directors' Remuneration Policy in 2018. The Auditor has audited those parts of the Directors' Remuneration Report required to be audited and its report can be found on pages 99 to 106 of the 2017 Annual Report and Accounts. The vote on Resolution 2 is advisory only and the Directors' entitlement to remuneration is not conditional on it being passed.

### **RESOLUTION 3: Directors' Remuneration Policy (ordinary resolution)**

In accordance with the Companies Act 2006, the Directors' Remuneration Policy (the 'Policy') is required to be put to shareholders for approval annually unless the approved Policy remains unchanged, in which case it need only be put to shareholders for approval at least every three years. As the Policy was last approved at the 2015 AGM it is subject to approval by shareholders at the 2018 AGM. The vote on the new Policy is by way of ordinary resolution. It is a binding vote, meaning that payments to Directors may only be made if they are within the boundaries of the approved Policy. The Policy sets out how the Company proposes to pay the Directors, including every element of remuneration to which a Director may be entitled, as well as how the Policy supports the Company's long-term strategy and performance. It also includes details of the Company's approach to recruitment and payment for loss of office.

Once approved, the Company will only be able to make remuneration payments to current and prospective Directors and payments for loss of office to current or past Directors within the boundaries of the new Policy, unless the payment is approved by a separate shareholder resolution. If approved by shareholders, the Policy will apply from the conclusion of the AGM and it is currently intended that the new Policy will apply for three years until the AGM in 2021.

Given the interests of the Directors in the Policy, the Directors have agreed that they will not vote on this resolution.

### **RESOLUTION 4: Final dividend (ordinary resolution)**

A final dividend of 9.3 pence per ordinary share has been recommended by the Board for the year ended 31 December 2017 and, if approved by shareholders, will be paid on 16 May 2018 to all shareholders on the register at the close of business on 23 March 2018.

### **RESOLUTIONS 5 (a) to (h) Election and Re-election of Directors (ordinary resolutions)**

Resolutions 5 (a) to (h) relate to the retirement and election or re-election of the Company's Directors. The Company's articles of association require a Director who has been appointed by the Board during the year to retire at the Annual General Meeting next following his or her appointment. David Weymouth has been appointed since the last Annual General Meeting. Consequently, he will retire from office at the AGM and is seeking election as an independent Non-Executive Director.

The Company's articles of association also require any Director who has not been elected or re-elected by the Company's shareholders at either of the two preceding Annual General Meetings to retire at the next Annual General Meeting. Notwithstanding the provisions of the Company's articles of association, the Board has determined that, in line with best practice recommendations of the UK Corporate Governance Code for FTSE 350 companies, each of the remaining Directors shall retire from office at the AGM and each shall stand for re-election by the shareholders, with the exception of Andrew Doman who will step down from the Board at the conclusion of the AGM.

The Board has confirmed, following a performance review, that each of the Directors standing for election or re-election continues to be an effective member of the Board, to make a positive contribution and to demonstrate commitment to his or her role. The Board believes that the considerable and wide-ranging experience of the Directors will continue to be invaluable to the Company. The biographies of Directors can be found in the Appendix to this document and also on the Company's website [www.osb.co.uk](http://www.osb.co.uk).

As required by the Listing Rules, the Company confirms the following:

1. There are no previous relationships, transactions or arrangements between any of the Directors and the Company.
2. The effectiveness of all the Company's Directors is assessed as part of the Board performance evaluation process. Each of the independent Non-Executive Directors possesses a wide range of skills and expertise (as noted in the Appendix to this document) that is highly valued by the Board. The independent Non-Executive Directors continue to contribute effectively to the operation of the Board and to demonstrate commitment to their roles.
3. The Company assesses the independence of its Non-Executive Directors in accordance with the recommendations of the UK Corporate Governance Code. The Company determined that the independent Non-Executives Directors were independent on their appointment to the Board and ensures that they remain independent by periodically reviewing their character and judgment.

4. The Nomination and Governance Committee is responsible for keeping the size, structure and composition of the Board under review. By reference to the Company's requirements, the Nomination and Governance Committee is responsible for identifying, evaluating and recommending candidates for appointment to the Board. The selection process involves establishing the criteria for any new Director appointment, the briefing of an independent recruitment consultancy that is engaged to provide a shortlist of suitable candidates, the consideration by the Nomination and Governance Committee of potential candidates, followed by interviews with Non-Executive Directors and senior management. The Nomination and Governance Committee will then make any appointment recommendations to the Board. This procedure was followed in the recruitment of David Weymouth during the year.

**RESOLUTIONS 6 AND 7: Appointment and remuneration of the Auditor (ordinary resolutions)**

The Company is required to appoint the Auditor at each general meeting at which accounts are laid before the Company, to hold office until the conclusion of the next such meeting. The Audit Committee has recommended to the Board the re-appointment of KPMG LLP as Auditor of the Company and has confirmed to the Board that its recommendation is free from third party influence and that no restrictive contractual provisions have been imposed on the Company limiting the choice of auditor. Resolution 6 proposes the re-appointment of KPMG LLP as the Auditor of the Company and Resolution 7 authorises the Audit Committee to agree the remuneration of the Auditor.

**RESOLUTION 8: Directors' authority to allot shares (ordinary resolution)**

The Directors currently have a general authority to allot new ordinary shares in the capital of the Company and to grant rights to subscribe for, or convert any securities into, shares. This authority is, however, due to expire at the AGM and the Board would like to renew it to provide the Directors with flexibility to allot new shares and grant rights up until the Company's next Annual General Meeting within the limits prescribed by The Investment Association.

The Investment Association's guidelines on Directors' authority to allot shares state that the Association's members will regard as routine any proposal at a general meeting to seek a general authority to allot an amount up to two-thirds of the existing share capital, provided that any amount in excess of one-third of the existing share capital is applied to fully pre-emptive rights issues only. Accordingly, if passed, this resolution will authorise the Directors to allot (or grant rights over) new shares in the Company: (i) under an open offer or in other situations (including a rights issue) up to an aggregate nominal amount of £814,409 (representing approximately 33 per cent. of the Company's issued ordinary share capital); and (ii) under a rights issue only, up to a further aggregate nominal amount of £814,409 (representing approximately 33 per cent. of the Company's issued ordinary share capital). In each case, the reference to the Company's issued ordinary share capital is to the issued ordinary share capital as at 23 March 2018 (being the latest practicable date prior to publication of this document).

If passed, this authority will expire at the conclusion of the Annual General Meeting in 2019 or, if earlier, at the close of business on 30 June 2019. The Directors have no present intention of exercising this authority, however the Board considers it prudent to maintain the flexibility that it provides to enable the Directors to respond to any appropriate opportunities that may arise. The Company did not hold any shares in treasury as at 23 March 2018.

**RESOLUTION 9: Directors' authority to allot shares in relation to the issue of Regulatory Capital Convertible Instruments (ordinary resolution)**

This Resolution renews the Directors' authority to allot shares or grant rights to subscribe for or convert any security into ordinary shares up to an aggregate nominal amount of £293,187 in connection with the issue of 'Regulatory Capital Convertible Instruments'. Regulatory Capital Convertible Instruments are any securities to be issued by the Company or any member of the Group, or by a Company outside of the Group with the consent of the Company or a member of the Group and which are intended on issue to form all or part of a type or class of securities the terms of which are eligible to meet any Regulatory Capital Requirements and which are:

- a) convertible into or exchangeable for ordinary shares of the Company; or
- b) issued together with share warrants relating to ordinary shares of the Company,

and in each case, which grant to, or require, the holder of such security and/or its nominee a right or obligation (as applicable) to subscribe for such ordinary shares following a specified event relating to an actual or prospective adverse change in the capital position or viability of the Company, any member of the Group or the Group as a whole or any other event specified in the Regulatory Capital Requirements and otherwise on such terms as may be determined by the Directors of the Company or a Committee thereof upon issue.

The Board believes it is in the best interests of the Company to have the flexibility to issue Regulatory Capital Convertible Instruments at any time and from time to time. The authority sought in this Resolution will be used as considered desirable to comply with or maintain compliance with such Regulatory Capital Requirements or targets applicable to the Company. Regulatory Capital Requirements are specified by the Prudential Regulation Authority or other such authority having primary supervisory authority with respect to the Company from time to time in relation to the margin of solvency, capital resources, capital, contingent capital or buffer capital of the Company, a member of the Group or the Group taken as a whole.

The Company intends to seek to renew authority for the issuance of such Regulatory Capital Convertible Instruments on an annual basis. The amount of this authority is, in aggregate, equivalent to approximately 12% of the issued ordinary share capital of the Company as at 23 March 2018 (being the latest practicable date before the publication of this document). No ordinary shares were held in treasury as at that date.

Resolutions 9 and 13 are intended to provide the Directors with the flexibility to authorise the issue of Regulatory Capital Convertible Instruments which contain contractual debt to equity conversion features. The Resolutions are not intended to provide authority for any future UK statutory conversion requirements as may become part of UK national law in the future, for which such authority would not be required.

The authority sought in Resolution 9 is separate and distinct from the authority sought in Resolution 8 which is the usual authority sought on an annual basis in line with guidance issued by The Investment Association. The authority will expire at the conclusion of the Annual General Meeting in 2019 or, if earlier, at the close of business on 30 June 2019.

**RESOLUTION 10: Authority to make political donations (ordinary resolution)**

Neither the Company nor any of its subsidiaries made any political donations during 2017. It is not proposed or intended to alter the Company's policy of not making political donations, within the normal meaning of that expression. However, some of the Company's activities may potentially fall within the wide definition of a political donation in the Companies Act 2006 and, without the necessary statutory authorisation, the Company's ability to communicate its views effectively to political audiences and to relevant interest groups could be inhibited. Such activities may include briefings at receptions or conferences – when the Company seeks to communicate its views on issues vital to its business interests – including, for example, conferences of a party political nature or of special interest groups in specific areas.

Accordingly, the Company believes that the authority contained in this Resolution is necessary to allow it and its subsidiaries to fund activities which it is in the interests of shareholders that the Company should support. Such authority will enable the Company and its subsidiaries to be sure that they do not, because of any uncertainty as to the bodies or the activities covered by the Companies Act 2006, unintentionally commit a technical breach of the statutes. Any expenditure which may be incurred under authority of this Resolution will be disclosed in next year's annual report and accounts.

**RESOLUTIONS 11 and 12: Disapplication of statutory pre-emption rights (special resolutions)**

Resolutions 11 and 12 are special resolutions which, if passed by shareholders, will enable the Directors to allot ordinary shares in the Company, or to sell any shares out of treasury, for cash, without first offering those shares to existing shareholders in proportion to their existing holdings.

In March 2015, the Pre-Emption Group published a revision of its Statement of Principles. In addition to restating the customary five per cent. limit on the issuance of shares for cash on a non pre-emptive basis, the 2015 Statement of Principles introduced greater flexibility for companies to undertake non pre-emptive issues for cash in connection with acquisitions and specified capital investments. This relaxation allows companies the opportunity to finance expansion opportunities as and when they arise.

The 2015 Statement of Principles provides that a company may now seek power to issue on a non pre-emptive basis for cash shares representing:

- (i) no more than five per cent of the company's issued ordinary share capital in any one year; and
- (ii) no more than an additional five per cent of the company's issued ordinary share capital provided that such additional power is only used in connection with an acquisition or specified capital investment.

The 2015 Statement of Principles defines a "specified capital investment" as "one or more specific capital investment related uses for the proceeds of an issuance of equity securities, in respect of which sufficient information regarding the effect of the transaction on the listed company, the assets the subject of the transaction and (where appropriate) the profits attributable to them is made available to shareholders to enable them to reach an assessment of the potential return". Items that are regarded as operating expenditure rather than capital expenditure will not typically be regarded as falling within the term "specified capital investment".

In line with best practice, the Company has structured its pre-emption disapplication request as two separate resolutions. Resolution 11 is proposed as a special resolution. If this resolution is passed by shareholders, it will permit the Directors to allot ordinary shares on a non pre-emptive basis and for cash (otherwise than in connection with a rights issue or similar pre-emptive issue) up to a maximum nominal amount of £122,161. This amount represents approximately five per cent of the Company's issued ordinary share capital as at 23 March 2018 (being the latest practicable date prior to publication of this document). This resolution will permit the Directors to allot any such shares for cash in any circumstances (whether or not in connection with an acquisition or specified capital investment).

**Resolution 12 is also proposed as a separate special resolution.** If this resolution is passed by shareholders, it will afford the Directors an additional power to allot ordinary shares on a non pre-emptive basis and for cash up to a further maximum nominal amount of £122,161. This amount also represents approximately five per cent of the Company's issued ordinary share capital as at 23 March 2018. The Directors shall use any power conferred by Resolution 12 only in connection with an acquisition or a specified capital investment which is announced contemporaneously with the issue, or which has taken place in the preceding six month period and is disclosed in the announcement of the issue.

The Directors confirm their intention to follow the provisions of the 2015 Statement of Principles regarding cumulative usage of authorities within a rolling three year period. Those Principles provide that a company should not issue shares for cash representing more than 7.5% of the company's issued share capital in any rolling three year period, other than to existing shareholders, without prior consultation with shareholders. This limit excludes any ordinary shares issued pursuant to a general disapplication of pre-emption rights in connection with an acquisition or specified capital investment.

**RESOLUTION 13: Disapplication of statutory pre-emption rights in relation to the issue of Regulatory Capital Convertible Instruments (special resolution)**

Resolution 9 renews the Directors' authority to allot shares or grant rights to subscribe for or convert any security into ordinary shares up to an aggregate nominal amount of £293,187 specifically in connection with the issue of Regulatory Capital Convertible Instruments. Resolution 13 proposes that the Directors be empowered to allot equity securities pursuant to that authority for cash, without first offering those equity securities to existing shareholders in proportion to their existing holdings. £293,187 is equivalent to approximately 12% of the issued ordinary share capital of the Company as at 23 March 2018 (being the latest practicable date before the publication of this document).

Renewing this Resolution will permit the Company the flexibility necessary to allot equity securities pursuant to any proposal to issue Regulatory Capital Convertible Instruments and, by virtue of such disapplication, without the need to comply with the pre-emption requirements of the UK statutory regime. Together with Resolution 9, Resolution 13 is intended to provide the Directors with the flexibility to issue Regulatory Capital Convertible Instruments which may convert into ordinary shares.

Conditional upon the passing of Resolutions 9 and 13, the Directors would not expect to make use of Resolutions 8 and 11 to issue Regulatory Capital Convertible Instruments, however they may do so, to the extent permissible, if deemed appropriate in light of capital requirements, market conditions and/or high demand. Any exercise of the authorities in Resolutions 8 and 11 (if passed) would be separate from, and in addition to, the exercise of powers under Resolutions 9 and 13 and would have the effect of diluting the interests of ordinary shareholders.

**RESOLUTION 14: Authority to purchase own shares (special resolution)**

Resolution 14 gives the Company authority to buy back its own ordinary shares in the market as permitted by the Companies Act 2006.

The authority limits the maximum number of shares that could be purchased to 24,432,250 (representing approximately 10% of the Company's issued ordinary share capital as at 23 March 2018) and sets minimum and maximum prices at which shares may be purchased.

This authority will expire at the conclusion of the Annual General Meeting of the Company in 2019 or, if earlier, at the close of business on 30 June 2019. A listed company purchasing its own shares may hold those shares in treasury and make them available for re-sale as an alternative to cancelling them. Accordingly, if this Resolution is passed, the Company will have the option of holding, as treasury shares, any of its own shares that it purchases pursuant to the authority conferred. This would give the Company the ability to sell treasury shares quickly and cost-effectively and provide the Company with additional flexibility in the management of its capital base. No dividends are paid and no voting rights are attached to shares held in treasury. The Company did not hold any shares in treasury as at 23 March 2018 (being the latest practicable date before the publication of this document). As at 23 March 2018, there were 1,374,686 options to subscribe for ordinary shares in the capital of the Company, representing 0.56% of the Company's issued ordinary share capital. If the full authority conferred by this Resolution were to be exercised in full, these options would represent 0.63% of the issued ordinary share capital of the Company. The Directors have no present intention of exercising the authority to purchase the Company's ordinary shares for cancellation, but may purchase shares to be held in treasury.

The Directors have no present intention of exercising this authority, but wish to have the flexibility to do so in the future. Shares would only be purchased if the Directors believed that to do so would result in an improvement in earnings per share and would be in the interests of shareholders generally. Any purchases of ordinary shares would be by means of market purchases on a recognised investment exchange.

**RESOLUTION 15: Notice of general meetings (special resolution)**

Changes made to the Companies Act 2006 by the The Companies Shareholders' Rights Regulations 2009 increase the notice period required for general meetings of the Company to at least 21 clear days unless shareholders approve a shorter notice period, which cannot however be less than 14 clear days (Annual General Meetings will continue to be held on at least 21 clear days' notice). At last year's Annual General Meeting, shareholders passed a resolution enabling the Company to call general meetings, other than an Annual General Meeting, on at least 14 clear days' notice. This approval must be renewed at each Annual General Meeting, so, in order to preserve this ability, Resolution 15 seeks such approval. It is intended that the shorter notice period would not be used as a matter of routine for such meetings but only where the flexibility is merited by the business of the meeting and is thought to be in the interests of shareholders as a whole. If given, the approval will be effective until the Company's next Annual General Meeting, when it is intended that a similar resolution will be proposed.

## NOTES

1. Only persons entered on the register of shareholders of the Company at 6.30 pm on Tuesday, 8 May 2018 (or, if the AGM is adjourned, at 6.30 pm on the date which is two business days prior to the adjourned meeting) shall be entitled to attend and vote at the AGM or adjourned meeting. Changes to entries on the register after this time shall be disregarded in determining the rights of persons to attend or vote (and the number of votes they may cast) at the AGM or adjourned meeting.
2. A shareholder entitled to attend and vote at the AGM may appoint another person as her/his proxy to exercise all or any of her/his rights to attend, speak and vote at the AGM. A shareholder can appoint more than one proxy in relation to the AGM, provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that shareholder.
3. A proxy does not need to be a shareholder of the Company but must attend the AGM to represent you. Your proxy could be the Chairman or another person who has agreed to attend to represent you. If you wish for a proxy to make any comments on your behalf at the AGM, you will need to appoint someone other than the Chairman of the meeting and give them the relevant instructions directly. The valid appointment of a proxy does not prevent you from attending the AGM and voting in person.
4. A shareholder who wishes to appoint a proxy should complete the Form of Proxy which accompanies this notice and includes full details of how to appoint a proxy. If you do not have a Form of Proxy and believe that you should have one, or if you require additional Forms of Proxy, please contact Equiniti's helpline on 0371 384 2701 (+44 121 415 7047 if calling from overseas) (Lines are open between 8.30 am and 5.30 pm Monday to Friday excluding public holidays in England and Wales). Shareholders who hold their shares in uncertificated form may use "the CREST voting service" to appoint a proxy electronically, as explained below.
5. In order to be valid, a proxy appointment must be returned (together with any power of attorney or other authority under which it is executed or a copy of the authority certified in ink by a bank, a stockbroker or a solicitor) by one of the following methods:
  - in hard copy form by post, by courier or by hand to the Company's registrar at the address shown on the Form of Proxy; or
  - in the case of CREST members, by utilising the CREST electronic proxy appointment service in accordance with the procedures set out in note 8 below.

The appointment of a proxy in each case must formally be received by the Company's registrar no later than 11 am on Tuesday, 8 May 2018.

6. To change your proxy instructions you may return a new proxy appointment using the methods set out above. Where you have appointed a proxy using the hard copy Form of Proxy and would like to change the instructions using another hard copy Form of Proxy, please contact Equiniti at Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA. The deadline for receipt of proxy appointments (see above) also applies in relation to amended instructions. Any attempt to terminate or amend a proxy appointment received after the relevant deadline will be disregarded. Where two or more valid separate appointments of proxy are received in respect of the same share in respect of the same meeting, the one which is last sent shall be treated as replacing and revoking the other or others. If the Company is unable to determine which is last sent, the one which is last received shall be so treated. If the Company is unable to determine either which is last sent or which is last received, none of them shall be treated as valid in respect of the relevant share(s).
7. A copy of this notice has been sent for information only to Nominated Persons (that is, a person who has been nominated by a shareholder to enjoy information rights under section 146 of the Companies Act 2006). The rights to appoint a proxy cannot be exercised by a Nominated Person; they can only be exercised by a shareholder. However, a Nominated Person may have a right under an agreement with the shareholder by whom s/he was nominated to be appointed as a proxy for the AGM or to have someone else so appointed. If a Nominated Person does not have such a right or does not wish to exercise it, s/he may have a right under such an agreement to give instructions to the shareholder as to the exercise of voting rights.
8. CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so by utilising 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. In order for a proxy appointment made by means of CREST to be valid, the appropriate CREST message (a 'CREST Proxy Instruction') must be properly authenticated in accordance with Euroclear's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message regardless of whether it constitutes the appointment of a proxy or an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the issuer's agent (ID number RA19) by 11 am on Tuesday, 8 May 2018 (the latest time(s) for receipt of proxy appointments specified in this notice). For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the issuer's agent 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 CREST Regulations.
9. CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.
10. Voting on all Resolutions will be conducted by way of a poll rather than a show of hands. This is a more transparent method of voting as shareholders' votes are to be counted according to the number of shares held. As soon as practicable following the AGM, the results of the voting will be announced via a Regulatory Information Service and also placed on the Company's website: [www.osb.co.uk](http://www.osb.co.uk) on the 'Shareholder Services' page.

11. Please note that the Company takes all reasonable precautions to ensure no viruses are present in any electronic communication it sends out but the Company cannot accept responsibility for loss or damage arising from the opening or use of any email or attachments from the Company and recommends that the shareholders subject all messages to virus checking procedures prior to use. Any electronic communication received by the Company, including the lodgement of an electronic proxy form, that is found to contain any virus will not be accepted.
12. A shareholder of the Company, which is a corporation, may authorise a person or persons to act as its representative(s) at the AGM. In accordance with the provisions of the Companies Act 2006, each such representative may exercise (on behalf of the corporation) the same powers as the corporation could exercise if it were an individual shareholder of the Company, provided that they do not do so in relation to the same shares.
13. Shareholders satisfying the thresholds in section 527 of the Companies Act 2006 can require the Company to publish a statement on its website setting out any matter relating to the audit of the Company's accounts (including the auditor's report and the conduct of the audit) that are to be laid before the AGM that the shareholders propose to raise at the AGM. The Company may not require the shareholders requesting the publication to pay its expenses. Any statement placed on the website must also be sent to the Company's auditor no later than the time it makes its statement available on the website. The business which may be dealt with at the AGM includes any statement that the Company has been required to publish on its website.
14. Under section 319A of the Companies Act 2006, the Company must, subject to limited exceptions, answer any question relating to the business being dealt with at the AGM which is put by a shareholder attending the AGM. Information relating to the AGM which the Company is required by the Companies Act 2006 to publish on a website in advance of the meeting may be viewed at [www.osb.co.uk](http://www.osb.co.uk) on the 'Shareholder Services' page. You may not use any electronic address provided in this notice to communicate with the Company for any purposes other than those expressly stated.
15. As at 23 March 2018 (being the latest practicable date before the publication of this document), the Company's issued share capital consisted of 244,322,500 ordinary shares, carrying one vote each. The Company did not hold any shares in treasury at that date. Therefore as at 23 March 2018 the total voting rights in the Company were 244,322,500.
16. The doors will open at 10.30 am and you may wish to arrive by 10.45 am to enable you to take your seat in good time.
17. If you have any special needs or require wheelchair access to the AGM venue, please contact Loraine Nelson, [loraine.nelson@osb.co.uk](mailto:loraine.nelson@osb.co.uk) or 01634 821 321 in advance of the AGM.

## APPENDIX

### Director Biographies

	<b>Appointment</b>	<b>Committee membership</b>	<b>Key skills</b>	<b>Experience &amp; qualifications</b>
<b>David Weymouth*</b> Chairman	David was appointed to the Board in September 2017.	Member of the Nomination and Governance Committee	David has nearly 40 years' experience in the financial services industry and has a degree in modern languages from University College London and an MBA from the University of Exeter.	David was previously Chief Information Officer at Barclays Bank plc and Chief Risk Officer at RSA Insurance Group plc. He sat on the Executive Committee of both companies. His experience as an executive includes a wide range of senior roles in operations, technology, risk and leadership. David is also Chairman of Mizuho International Plc and his other current Non-Executive directorships include Fidelity International Holdings (UK) Limited and The Royal London Mutual Insurance Society. He also served on the Board of Bank of Ireland (UK) plc until November 2017.
<b>Andrew Golding</b> Chief Executive Officer	Andy was appointed to the Board in December 2011.	None.	Andy has over 30 years' experience in financial services.	Andy was previously CEO of Saffron Building Society, where he had been since 2004. Prior to that he held senior positions at NatWest, John Charcol and Bradford & Bingley. He was a Non-Executive Director of Kreditech until November 2017. He currently holds a number of posts with industry institutions including membership of the Council of Mortgage Lenders Executive Committee. He is also a Director of the Building Societies Trust and has also served as a Non-Executive Director for Northamptonshire NHS.
<b>April Talintyre</b> Chief Financial Officer	April joined the Bank in May 2012 and was appointed to the Board in June 2012.	Member of the Risk Committee.	April has broad financial services experience. She has been a member of the Institute of Chartered Accountants in England and Wales since 1992.	April was previously an Executive Director in the Rothesay Life pensions insurance business of Goldman Sachs and worked for Goldman Sachs International for over 16 years, including as an Executive Director in the Controllers division in London and New York. April began her career at KPMG in a general audit department.
<b>Margaret Hassall*</b> Non-Executive Director	Margaret was appointed to the Board in July 2016.	Member of the Audit and Risk Committees.	Margaret brings a broad range of experience developed across various industry sectors including manufacturing, utilities, and financial services.	Margaret spent seven years working for Deloitte and Touche as a consultant and led the financial services consulting business for Charteris Plc. More latterly Margaret has been engaged as chief operations officer or chief information officer for divisions within some of the world's largest banks, namely Bank of America Merrill Lynch, Barclays and RBS. Margaret is a Non-Executive director for Ascension Trust (Scotland).
<b>Rodney Duke*</b> Senior Independent Non-Executive Director	Rod was appointed to the Board in July 2012 and was appointed Senior Independent Director in 2014.	Chair of the Nomination and Governance Committee and member of the Remuneration Committee.	Rod has extensive experience in operations, investments, risk management and corporate finance across retail and commercial banking.	Rod was previously Group General Manager, HSBC with responsibility for UK distribution – branches, call centres and internet banking – for both personal and commercial customers. Rod was with HSBC for 33 years. Previous directorships include VISA (UK), HFC Bank plc and HSBC Life. He also served on the Board of Alliance & Leicester plc until its takeover by Santander. Rod is a Fellow of the Institute of Financial Services.

\* Independent Non-Executive Director

	<b>Appointment</b>	<b>Committee membership</b>	<b>Key skills</b>	<b>Experience &amp; qualifications</b>
<b>Mary McNamara*</b> Non-Executive Director	Mary was appointed to the Board in May 2014.	Chair of Remuneration Committee and member of Risk and Nomination and Governance Committees.	Mary has broad senior management experience in the banking and finance sectors.	Mary is a Non-Executive Director of Dignity plc and Motorpoint plc. She was previously CEO of the Commercial Division and Board Director of the Banking Division at Close Brothers Group plc. Prior to that, Mary was Chief Operating Officer of Skandia, the European arm of Old Mutual Group and prior to that, Mary spent 17 years at GE Capital, running a number of businesses including GE Fleet Services Europe and GE Equipment Finance.
<b>John Graham Allatt*</b> Non-Executive Director	Graham was appointed to the Board in May 2014.	Chair of the Risk Committee and member of the Audit Committee.	Graham has significant banking and credit risk experience and financial services experience.	Graham was previously Acting Group Credit Director at Lloyds TSB and Chief Credit Officer at Abbey National. Prior to this he spent 18 years in the NatWest Group culminating in the role of Managing Director, Credit Risk at NatWest Markets. A Fellow of the Institute of Chartered Accountants, Graham is Deputy Chairman of the Friends of the British Library and was involved in housing associations for nearly 30 years as Treasurer and Board member in the North of England and in London.
<b>Eric Anstee*</b> Non-Executive Director	Eric was appointed to the Board in December 2015.	Chair of the Audit Committee and member of the Risk Committee.	Eric has extensive corporate finance and Mergers & Acquisitions experience over a broad range of business sectors.  He is a member of the Takeover Panel Appeals Board and Visiting Professor, London Metropolitan University Business School.	Eric was Chairman of CPP Group plc from 2014 to 2015. Prior to this he was Chief Executive of the City of London Group plc, the first Chief Executive of the Institute of Chartered Accountants in England and Wales and Group Finance Director of Old Mutual plc. Eric was also Group Finance Director at The Energy Group plc and advisor to Lord Hanson on the demerger of Hanson plc. Prior to this Eric spent 17 years at Ernst & Young. Eric is also a Non-Executive director of Sun Life Financial of Canada Limited and Insight Asset Management Limited.

\* Independent Non-Executive Director





