

EXPLANATORY STATEMENT

Summary of the terms of the proposed Scheme

1. OVERVIEW

- 1.1 Credit Suisse (UK) Limited (**CSUK**) is proposing to transfer its UK wealth management business to UBS AG London Branch (**UBS London**) using a process called a “banking business transfer scheme” (the **Scheme**) under Part VII of the Financial Services and Markets Act 2000 (as amended) (**FSMA**).
- 1.2 The terms of the Scheme are set out in full in a separate document (the **Scheme Document**) which has been submitted to the High Court of England and Wales (the **Court**) for approval.
- 1.3 This Explanatory Statement provides a summary of the terms of the Scheme, as required by regulation 5(4) of the Financial Services and Markets Act 2000 (Control of Business Transfers) (Requirements on Applicants) Regulations 2001. A copy of this Explanatory Statement must be given free of charge to any person who requests it.
- 1.4 Further information about the Scheme, the Scheme Document and other key information and documents can be obtained from www.ubs.com/csukpartvii or by contacting CSUK using the details set out in question 42 of the enclosed Q&A booklet (the **CSUK Contact Details**). Capitalised terms in this Explanatory Statement have the meaning given to them in the Scheme Document unless specified.
- 1.5 This Explanatory Statement and the Scheme Document contain important information. If you are in any doubt as to the meaning or import of the contents of this Explanatory Statement or the Scheme Document, or if you require further advice, you are recommended to seek independent advice from a solicitor or other professional adviser without delay.

2. PROCESS

- 2.1 CSUK and UBS London recently made an application to the Court, in response to which the Court gave certain preliminary directions in respect of the legal process to be followed to implement the Scheme.
- 2.2 To become effective, the Scheme itself must still be approved by the Court. The hearing where the Court will consider whether or not to approve the Scheme (the **Final Hearing**) will be held on 9 April 2025.
- 2.3 Any person (including any client or employee of either CSUK or UBS London) who claims that they may be adversely affected by the Scheme may make representations about the Scheme and is entitled to appear at the Final Hearing either in person or by legal representative. Please see question 37 of the enclosed Q&A booklet for how to do this.

3. EFFECTIVE DATE OF THE SCHEME

- 3.1 If the Scheme is approved, it is intended that it will become effective in accordance with the order of the Court and the transfer of assets and liabilities of the Transferring Business will take place on a staggered basis over multiple transfer dates. The current expectation is that the majority of the business will transfer during May and June 2025, with a subsequent transfer in September 2025, and that all of the transfers will be completed by the end of 2025. Clients and other affected parties will be notified of the specific Relevant Transfer Date applicable to them closer to the time of the transfer their relevant accounts, products, and services (either by letter or by such date being published on the Scheme website). Unless the Scheme becomes effective by the later of (i) the date which is six months after the date of the order of the Court; and (ii) such other time and/or date as the Court may allow on the application of CSUK and UBS London, it will lapse.
- 3.2 Despite the intention mentioned above, there may be some assets and liabilities of the Transferring Business which do not transfer to UBS London on one of the staggered transfer dates. There are a few reasons why that could happen (for example, because the Court has no jurisdiction to order its transfer or because CSUK and UBS London agree it should transfer at a later date). Certain of those assets and liabilities will be retained and held on trust by CSUK but may be transferred to UBS London at a later date if it subsequently becomes possible or is agreed to transfer them, with such later transfer date being a ***Subsequent Transfer Date***.
- 3.3 The Scheme Document and the remainder of this Explanatory Statement refer to the relevant staggered transfer date or Subsequent Transfer Date, as applicable, as the ***Relevant Transfer Date***.

4. DETAILS OF THE TRANSFERRING BUSINESS

- 4.1 CSUK's UK wealth management business is proposed to be transferred to UBS London under the Scheme (the ***Transferring Business***) at fair market value.
- 4.2 The Transferring Business includes:
- (a) the agreements between CSUK and the clients of the Transferring Business and the related security arrangements, subject to the exceptions set out in paragraph 4.3 below;
 - (b) the liabilities under agreements between CSUK and clients of the Transferring Business which:
 - (i) relate solely to the provision to the client of a Lombard loan¹ in respect of which, by any date up to and including 31 March 2025, the client has entered into new documentation with UBS London to replace the loan with effect from the date specified therein;

¹ Lombard loans, also known as margin loans, are a form of personal lending in which banks grant a credit line which is secured by a pledge over liquid assets in an investment portfolio, such as tradeable financial securities.

- (ii) are governed by the laws of, or relate to a security interest in, any of the British Virgin Islands, Cayman Islands, Gibraltar, Ireland, or Luxembourg (unless paragraph 4.3(b)(i) below applies); or
- (iii) relate to a client asset or investment which is managed by CSUK in London, but which is held in Guernsey (unless paragraph 4.3(b)(ii) below applies);
- (c) all of CSUK's liabilities in relation to its UK wealth management business including any liabilities for mis-selling, any historic liabilities, any liabilities arising from claims submitted to the Financial Ombudsman Service, and non-contractual liabilities, other than any excluded liabilities including for example those liabilities described in paragraph 4.3 below;
- (d) certain business agreements to which CSUK is party in relation to the Transferring Business;
- (e) the benefit of and/or any liability arising under historic, current or future claims or proceedings relating to the Transferring Business; and
- (f) certain intellectual property, information technology systems, data, and books and records owned by or used in connection with the Transferring Business.

4.3 However, the Transferring Business does not include:

- (a) the benefit of agreements between CSUK and clients of the Transferring Business which:
 - (i) relate solely to the provision to the client of a Lombard loan in respect of which, by any date up to and including 31 March 2025, the client has entered into new documentation with UBS London to replace the loan with effect from the date specified therein;
 - (ii) are governed by the laws of, or relate to a security interest in, any of the British Virgin Islands, Cayman Islands, Gibraltar, Ireland, or Luxembourg; or
 - (iii) relate to a client asset or investment which is managed by CSUK in London, but which is held in Guernsey; or
- (b) the liabilities under agreements between CSUK and clients of the Transferring Business which:
 - (i) are governed by the laws of, or relate to a security interest in, any of the British Virgin Islands, Cayman Islands, Gibraltar, Ireland, or Luxembourg; or
 - (ii) relate to a client asset or investment which is managed by CSUK in London, but which is held in Guernsey,

and, in respect of which, the relevant client has not entered into replacement agreements with UBS London by the date which falls 10 business days before the Final Relevant Transfer Date;

- (c) most business agreements and intra-group agreements to which CSUK is party, which are not needed by UBS London;
- (d) CSUK's shareholding in its wholly owned subsidiary, Credit Suisse London Nominees Limited (**CSLNL**), or any agreements between CSUK and CSLNL or other Credit Suisse entities in relation to client custody arrangements;
- (e) the business premises used by CSUK;
- (f) any assets and liabilities that relate to CSUK employees that will, if the Scheme is approved, transfer to UBS London pursuant to the Transfer of Undertakings (Protection of Employment) Regulations 2006; and
- (g) CSUK's shareholder funds and regulatory capital.

4.4 The majority of the agreements between CSUK and clients which are not part of the Transferring Business are intended to be transferred to or replicated by UBS London outside the scope of the Scheme. This is explained further at questions 30, 31, and 32 of the enclosed Q&A booklet.

5. **EFFECT OF THE SCHEME**

Provisions in relation to the Transferring Business

General

If the Scheme is approved, then from the Relevant Transfer Date:

- 5.1 Every contract of the Transferring Business shall have effect as if the contract had been made with UBS London and references to CSUK shall be replaced with references to UBS London.
- 5.2 The transfer of the Transferring Business under the Scheme will not:
 - (a) invalidate or discharge any contract or security;
 - (b) require further registration or amendment of any existing registration in respect of any security interest or other instrument registered in the United Kingdom;
 - (c) constitute a breach of, or require any obligation to be performed sooner or later than would have otherwise been the case under, any contract or instrument;
 - (d) allow any party to a contract to terminate the contract when it would otherwise not have been able to terminate it;
 - (e) entitle any party to any contract to modify the terms of the contract when that party would not otherwise have been able to modify those terms;
 - (f) except as specifically provided in the Scheme Document, confer any greater or lesser rights or benefits or impose any greater or lesser obligations on any party to a contract to which CSUK is party when that greater or lesser obligation would not otherwise have been imposed;
 - (g) affect the enforceability, priority or ranking of any security; or

- (h) enable any person to bring any claim it would not otherwise have been entitled to bring.

Client agreements

5.3 Except as described in paragraph 6.1 below:

- (a) UBS London will become entitled to all the rights and powers of CSUK and will become liable for all obligations and liabilities of CSUK under any agreement or terms of business between CSUK and a client of its wealth management business, other than the benefit of, or liabilities under, those which are expressly excluded from the Transferring Business as described in paragraph 4.3(a) above (as more particularly defined in the Scheme Document as the **Transferring Client Agreements**); and
- (b) every transferring client will be entitled to the same rights or powers against and be under the same obligations and liabilities towards UBS London as it had against and towards CSUK.

Instructions and authorities

5.4 Any existing direct debit instruction, standing order, direction, mandate, power of attorney, authority, undertaking or consent given to or by CSUK in respect of the Transferring Business shall have effect as if given to, or by UBS London.

Fees and charges and terms conditions

5.5 Any reference in a document or instrument relating to the Transferring Business to a rate, charge, tariff or scale of fees or to terms or conditions published determined, ascertained, varied or amended from time to time by CSUK shall give UBS London the same right as CSUK had to publish, determine, ascertain, vary or amend such rates, charges, tariffs, scales of fees, terms or conditions.

Remedies and judgments

- 5.6 UBS London will have the same rights, powers and remedies for ascertaining, perfecting or enforcing the assets and property, or liability, transferred to it pursuant to the Scheme as if it had at all times been assets and property, or a liability, of UBS London.
- 5.7 Any judgment obtained by or against CSUK in respect of the Transferring Business and not fully satisfied before the Relevant Transfer Date shall become enforceable by or against UBS London (to the exclusion of CSUK).

Frozen assets and liabilities

5.8 Any asset or liability transferred to UBS London which is the subject of a freezing order or other restriction granted by a Court will, following its transfer to UBS London, be subject to the same restrictions as applied prior to the transfer.

Pipeline Business

- 5.9 Any offer or invitation to treat made by or to CSUK, whether or not accepted, in respect of the Transferring Business prior to the Relevant Transfer Date will have effect as if it were made by or to UBS London, and any agreement or other document executed by any person as a result of such an offer or invitation to treat which would on its face be an agreement with or document in favour of CSUK shall operate as if with or in favour of UBS London.

Provisions in relation to specific products, services and contracts*Amendments to transferring agreements*

- 5.10 Certain amendments will be made to the Transferring Client Agreements (as defined above) and the Related Security Interests, the documents relating to the Pipeline Business, and the Transferring Business Agreements, (each as defined in the Scheme Document) pursuant to the Scheme.
- 5.11 Details of such amendments are set out in the Annex to the Q&A Document. By way of summary, the majority of the amendments will be general amendments to reflect the fact that the relevant Transferring Business has been transferred to UBS London (for example, updates to entity names, corporate details, contact details, and website links). A small number of the amendments will be more substantive. For example, references in Transferring Client Agreements to interest being charged on the basis of a 5-day compounding SONIA reference rate will, with effect from the Relevant Transfer Date, be read as a reference to interest being charged on the basis of the SONIA overnight rate (or the relevant local currency equivalents where loans are denominated in a currency other than Sterling). Additionally, if a client holds a mortgage product which currently requires the liquidation or payment of interest on a quarterly basis following the relevant mortgage start date and until the expiry of the relevant mortgage term, the date for the liquidation or payment of interest will, with effect from the Relevant Transfer Date, be amended to the last day of each calendar quarter until the expiry of the relevant mortgage term.

Pricing

- 5.12 The standard fees and charges payable in respect of products and services will be determined by reference to the UBS London standard fee schedule rather than the CSUK standard fee schedule. UBS London will continue to apply any discounted or fixed fee or rate any client benefits from immediately prior to the Relevant Transfer Date.
- 5.13 UBS London will be entitled to make changes to pricing applicable to products and services in accordance with the terms and conditions applicable to the relevant account, product or service.

6. WIDENING OF RIGHTS

- 6.1 In relation to clients who have agreements with both CSUK and UBS London prior to the Relevant Transfer Date, the scope of certain rights available to UBS London under

Transferring Client Agreements may, as a result of the Scheme, be broader than was available to CSUK under those agreements, unless the Scheme provides otherwise.

6.2 The Scheme will therefore impose specific restrictions against this happening, as follows:

- (a) **Set-off rights:** Set-off rights are rights which may allow a bank to use money deposited in a client's account with the bank to repay another debt or liability the same client has with the bank. Under the Scheme, for a period of three months after the Relevant Transfer Date (or three months after the end of any relevant fixed term or promotional period, where applicable), UBS London will not be permitted to use any set-off rights in an existing UBS London agreement to pay debts or liabilities arising under a Transferring Client Agreement or Related Security Interest, or to use any set-off rights in a Transferring Client Agreement or Related Security Interest to pay debts or liabilities arising under an existing UBS London agreement.
- (b) **All monies rights:** All monies rights are rights which may allow security given in respect of a loan to be used as security for all debts owed to a lender, rather than just for that loan. Under the Scheme, after the Relevant Transfer Date, UBS London will not be permitted to use any all monies rights in an existing UBS London agreement to secure any debts or liabilities arising under a Transferring Client Agreement or Related Security Interest, or to use any all monies rights in a Transferring Client Agreement or Related Security Interest to secure any debts or liabilities arising under an existing UBS London agreement.
- (c) **Consolidation rights:** Consolidation rights allow a lender to retain security given in respect of a loan until all debts owed to the lender have been repaid, even if the original loan has been repaid. Under the Scheme, after the Relevant Transfer Date, UBS London will not be permitted to use any consolidation rights in an existing UBS London agreement to prevent the release of security until all obligations have been satisfied under a Transferring Client Agreement or Related Security Interest, or to use any consolidation rights in a Transferring Client Agreement or Related Security Interest to prevent the release of security until all obligations have been satisfied under an existing UBS London agreement.
- (d) **Cross default rights:** Cross default rights may provide for a client to automatically be in breach of their account terms and conditions if they are in breach of certain other agreements, and for such breach to give rise to a right of early termination or a right to demand early repayment of any sum due to the lender. Under the Scheme, after the Relevant Transfer Date, UBS London will not be entitled to apply any cross default rights to accelerate or alter any rights or obligations under, or to terminate or enforce:
 - (i) any existing UBS London agreement as a result of the breach of a Transferring Client Agreement or Related Security Interest; or
 - (ii) a Transferring Client Agreement or Related Security Interest as a result of the breach of an existing UBS London agreement.

- (e) **Guarantees and indemnities:** After the Relevant Transfer Date, UBS London will not be entitled to exercise any rights arising under a guarantee, indemnity, undertaking or commitment, given to: (i) UBS London under or relating to any existing UBS London agreement; or (ii) CSUK under or relating to any Transferring Client Agreement or Related Security Interest, in each case, which might otherwise be exercisable by UBS London as a result of the Scheme, to secure the obligations of a client under or relating to any existing UBS London agreement, Transferring Client Agreement or Related Security Interest (as applicable).
- (f) **Other rights:** After the Relevant Transfer Date, UBS London will not be entitled to apply any other right, benefit, interest, discretion, power or authority which might otherwise be exercisable by UBS London as a result of the Scheme:
- (i) under any existing UBS London agreement to reduce, alter, discharge or secure any liability under a Transferring Client Agreement or Related Security Interest; or
 - (ii) under a Transferring Client Agreement or Related Security Interest to reduce, alter, discharge or secure any liability under an existing UBS London agreement; or
 - (iii) under any existing UBS London agreement to either:
 - (A) not repay any credit balance under the relevant existing UBS London agreement; or
 - (B) restrict a client from disposing of or otherwise dealing with any such credit balance,in each case, until the client has discharged any liability under a Transferring Client Agreement or Related Security Interest; or
 - (iv) under a Transferring Client Agreement or Related Security Interest to either:
 - (A) not repay any credit balance under the relevant Transferring Client Agreement or Related Security Interest; or
 - (B) restrict a client from disposing of or otherwise dealing with any such credit balance,in each case, until the client has discharged any liability under any existing UBS London agreement.
- (g) **Entire agreement clauses:** Some terms and conditions state that they apply to all agreements of a certain type that a person holds with either CSUK or UBS London. From the Relevant Transfer Date, agreements with CSUK will continue to be governed by the existing CSUK terms and conditions, and agreements with UBS London will continue to be governed by the existing UBS London terms and conditions, unless expressly stated otherwise. Any entire agreement clauses in new agreements entered into with UBS London after the Relevant

Transfer Date shall apply only to UBS London's products and services, unless stated otherwise.

- 6.3 The restrictions summarised in paragraph 6.2 will not, however, apply to restrict the exercise of any right, benefit or power which UBS London or a client may acquire other than as a result of the Scheme. For example, the restrictions summarised in paragraph 6.2 will not limit the effect of any amendments made (whether before, on or after the Relevant Transfer Date) to any CSUK or UBS London client agreement or Related Security Interest in accordance with their terms (provided any such unilateral amendments do not diminish or reduce the restrictions summarised in paragraph 6.2).

7. CONTINUITY OF PROCEEDINGS

- 7.1 Any proceedings for the resolution of a dispute or claim by or on behalf of or against CSUK in relation to its UK wealth management business shall, following the later of the Effective Date or the applicable Relevant Transfer Date, be commenced or continued against UBS London (whether such proceedings arise before or after the Relevant Transfer Date). However, this excludes any proceedings relating to assets or liabilities that do not transfer under the Scheme (being those items listed in paragraph 4.3 above). UBS London shall be entitled to all defences, claims, counterclaims and rights of set-off which would have been available to CSUK in relation to any such proceedings, and any other party to such proceedings shall be entitled to all defences, claims, counterclaims and rights of set-off against UBS London as would have been available to it against CSUK.

8. FINANCIAL SERVICES COMPENSATION SCHEME (*FSCS*)

- 8.1 Under the FSCS, eligible clients are automatically protected for deposits up to £85,000 per eligible individual (or £170,000 in the case of two joint accountholders) per bank, or such other limit as applies to holders of eligible deposits in accordance with Chapter 4 of the Depositor Protection Part of the PRA Rulebook immediately prior to the Effective Date (the ***FSCS Limit***), if the bank becomes unable to repay money deposited with it.
- 8.2 Clients who currently have deposits with both CSUK and UBS London will not receive the same level of protection as they currently enjoy under the FSCS following implementation of the Scheme. This is because the entitlement (in the relevant circumstances) for clients to recover up to £85,000 from FSCS in respect of deposits applies separately to each authorised firm where deposits are held. As such, clients will be entitled to recover up to a maximum of £85,000 from the FSCS in respect of the amount of their aggregate deposits with UBS London following the Effective Date, rather than the maximum of £170,000 that would have applied had their deposits continued to be held separately by CSUK and UBS London with a maximum entitlement of £85,000 applicable to the deposits held with each of them.
- 8.3 Accordingly, if a client holds eligible deposits with UBS London, or CSUK, or both CSUK and UBS London, such client shall be entitled, during the period from (and including) 00:00:01 (London time) on 23 April 2025 until (and including) 23:59:59 (London time) on 22 July 2025, to withdraw or transfer to another institution any

amount of such eligible deposits which exceeds the applicable FSCS Limit during such period, in each case:

- (a) together with any accrued interest and other benefits; and
- (b) free from any penalty, fee, notice or charge (including loss of accrued interest or other benefit) which may otherwise apply.

However, this will not affect or vary any client's contractual obligations to maintain a specified amount or level of security or collateral in relation to their account (or similar). While Clients are not restricted to withdraw for these purposes by the Individual Account Regulations 1998 (the ISA Regulations), they should: (i) consider the impact of any such action on the tax treatment of their investments as provided for under the ISA Regulations; and (ii) ensure that any withdrawals do not put them in breach of such contractual obligations. Clients intending to withdraw for these purposes within such period of three months are also encouraged to do so as soon as reasonably practicable during that period.

9. **DATA PROTECTION**

- 9.1 All personal data obtained by CSUK from transferring clients will be disclosed to UBS London who will become the data controller in respect of that data. References in any CSUK data protection statements or consents will be construed as references to UBS London.
- 9.2 Where a client has provided marketing preferences to each of CSUK and UBS London, UBS London's record of the client's marketing preference shall be deemed to apply after the Relevant Transfer Date.

10. **INDEMNITY**

- 10.1 UBS London has agreed to indemnify CSUK, with effect from the Relevant Transfer Date, in respect of the Transferring Liabilities (as defined in the Scheme Document); all liabilities which would be Transferring Liabilities but which do not transfer for any particular reason; and all related costs incurred by CSUK.

11. **AMENDMENTS TO THE SCHEME**

- 11.1 After the Scheme has been approved by the Court, CSUK and UBS London may apply to the Court for consent to amend its terms provided the PRA and FCA have been notified and have the right to be heard at any court hearing for such application.
- 11.2 CSUK and UBS London do not require the consent of the Court for any amendment which is minor or technical or to correct a manifest error.

12. **COSTS**

- 12.1 CSUK and UBS London will be responsible for all costs of implementing the Scheme.

13. **GOVERNING LAW**

- 13.1 The Scheme is governed by English law.