

EXPLANATORY STATEMENT

Summary of the terms of the proposed Scheme

1. PARTIES AND BACKGROUND

Parties to the Scheme

- 1.1 Credit Suisse International (**CSi**) is a private unlimited company incorporated in England. It is authorised by the Prudential Regulation Authority (**PRA**) and regulated by the Financial Conduct Authority (**FCA**) and the PRA.
- 1.2 UBS AG is a public company incorporated in Switzerland and is authorised and regulated by the Financial Market Supervisory Authority in Switzerland. UBS AG, London Branch (**UBS AGLB**) is a UK branch of UBS AG and is authorised by the PRA and regulated by the FCA and the PRA in the UK.

Background

- 1.3 On 12 June 2023, UBS Group AG acquired Credit Suisse Group AG (the former parent company of Credit Suisse AG), succeeding by operation of Swiss law to all assets and liabilities of Credit Suisse Group AG (the **Credit Suisse Acquisition**).
- 1.4 Following the Credit Suisse Acquisition, and as part of the integration of the “Credit Suisse” and “UBS” groups, Credit Suisse AG (including its branches and representative offices) was merged into UBS AG, with UBS AG succeeding by operation of Swiss law to all assets and liabilities of Credit Suisse AG (the **Parent Bank Merger**). The Parent Bank Merger was completed on 31 May 2024.
- 1.5 As a result of the Credit Suisse Acquisition and the subsequent Parent Bank Merger, CSi is approximately 97.6 per cent. owned by UBS AG and 2.4 per cent. owned by UBS Group AG.
- 1.6 Prior to the Credit Suisse Acquisition, CSi’s purpose was to provide its global clients with a range of financial solutions. CSi was also the primary “Credit Suisse” entity for contracting over-the-counter (**OTC**) derivative transactions globally. However, following the Credit Suisse Acquisition and Parent Bank Merger, and as a result of the continued integration of “Credit Suisse” and “UBS”, CSi is now in a controlled and solvent wind down, which is expected to take a number of years (the **Wind Down**).
- 1.7 To further facilitate the Wind Down, the UBS Group intends to transfer the Transferring Business to appropriate entities within the UBS Group, as more fully described below. The scope of what is included in the Transferring Business is set out in paragraph 6.

2. OVERVIEW

- 2.1 CSi is proposing to transfer the majority of the Transferring Business to UBS AGLB.
- 2.2 In order to ensure that the entire Transferring Business can continue to be serviced by a UBS Group entity that holds the relevant permissions, licences, authorisations, registrations and exemptions, and to comply with the current operational requirements of the UBS Group, CSi is proposing to transfer the small portion of the Transferring

Business which is conducted with certain European Economic Area (**EEA**) counterparties (the **EEA Contracted Business**) to UBS Europe SE (**UBS ESE**).

- 2.3 UBS ESE is authorised in Germany by the German Federal Financial Supervisory Authority (**BaFin**), and is supervised and regulated by BaFin and the European Central Bank. UBS AGLB and UBS ESE are together referred to as the **Transferees** in this Explanatory Statement.
- 2.4 It is proposed that the transfer of the Transferring Business will be implemented 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**). This English law statutory process has been chosen by the UBS Group as it allows for the bulk transfer of the Transferring Business to the Transferees to occur by operation of law, minimising the steps that need to be taken by affected parties (including contractual counterparties of CSi).
- 2.5 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.
- 2.6 As noted above, CSi and UBS AGLB are the parties to the Scheme. UBS ESE is not a party to the Scheme and will receive the EEA Contracted Business pursuant to an ancillary order of the Court, as more fully described in the Scheme Document.
- 2.7 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.
- 2.8 Further information about the Scheme, the Scheme Document and other key information and documents can be obtained from www.ubs.com/global/en/investment-bank/about-us/csi-part-vii-transfer-process or by contacting CSi using the details set out in Question 50 of the enclosed Q&A.
- 2.9 This Explanatory Statement, the Scheme Document and Q&A contain important information. If you are in any doubt as to the meaning of the contents of these documents or if you require further advice, you should seek independent advice from a solicitor or other professional adviser.
- 2.10 Capitalised terms in this Explanatory Statement have the meanings given to them in the Scheme Document unless specified otherwise.
3. **PROCESS**
- 3.1 CSi and UBS AGLB 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, including the publication of this Explanatory Statement.
- 3.2 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 **Sanction Hearing**) will be held on 18 July 2025 at 7 The Rolls Building, Fetter Lane, London EC4A 1NL. Please check the website at www.ubs.com/global/en/investment-bank/about-us/csi-part-vii-transfer-process

[bank/about-us/csi-part-vii-transfer-process](https://www.ubs.com/bank/about-us/csi-part-vii-transfer-process) as any changes to the date of the Sanction Hearing will be published there.

4. **OBJECTIONS AND REPRESENTATIONS**

Any person (including any contractual counterparties or employee of either CSi, UBS AGLB or UBS ESE) who claims that they may be adversely affected by the Scheme may make representations about the Scheme and is entitled to appear at the Sanction Hearing either in person or by legal representative. Please see Question 48 of the enclosed Q&A for details of how to do this.

5. **EFFECTIVE DATE OF THE SCHEME**

5.1 If the Scheme is approved by the Court, it is intended that it will become effective on 22 July 2025 (the ***Effective Date***) and the transfer of the assets and liabilities of the Transferring Business will then take place on a staggered basis over a period of six months from the Effective Date, on such date(s) as CSi and the Transferees (as applicable) may determine.

5.2 The intention is that:

- (a) there will be multiple dates on which Transferring Counterparties transfer, with the first transfers taking place shortly after the Effective Date;
- (b) Transferring Counterparties' products and contractual arrangements will be transferred on a single transfer date where possible and desired by the relevant Transferring Counterparty; and
- (c) Transferring Counterparties will be notified of the specific transfer date applicable to them closer to the time of the transfer, and will have the ability to request a different transfer date within the six month transfer period.

5.3 This staggered approach to implementation of the transfers is intended to ensure that the Transferees, and each Transferring Counterparty, have the operational capabilities to complete the transfers and to effectively reduce risks related to the transfers.

5.4 Despite the intention mentioned above, there may be some assets and liabilities of the Transferring Business which do not transfer to the Transferees on the desired transfer dates. There are a few reasons why that could happen (for example, because a counterparty or third party (such as a custodian) consent is required for the effective transfer under applicable foreign laws, or because CSi and UBS AGLB agree it should transfer at a later date). Those assets and liabilities (referred to as "Residual Items" in the Scheme Document) will be retained by CSi but may be transferred to UBS AGLB or UBS ESE at a later date (which may be after the six month transfer period) if it subsequently becomes possible or is agreed to transfer them, with such later transfer date being a ***Subsequent Transfer Date***.

5.5 The Scheme Document and the remainder of this Explanatory Statement refer to the proposed transfer date or Subsequent Transfer Date, as applicable, as the ***Relevant Transfer Date***.

6. DETAILS OF THE TRANSFERRING BUSINESS

6.1 The Transferring Business is comprised of the Transferring Assets and Transferring Liabilities.

6.2 The Transferring Assets and Transferring Liabilities include CSI's rights and obligations under or in respect of:

- (a) the Transferring Counterparty Arrangements (being a Transferring Counterparty's relevant products and underlying contractual arrangements) which include the following arrangements with Transferring Counterparties:
 - (i) master trading agreements in respect of OTC derivatives, repurchase transactions and securities lending transactions (together with all transactions thereunder and all associated guarantees, collateral, security arrangements, other credit support arrangements and ancillary arrangements (including the general terms of business));
 - (ii) corporate loans (together with all associated guarantees, security arrangements and other ancillary arrangements (including the general terms of business));
 - (iii) intragroup deposits, loans and related security arrangements;
 - (iv) structured deposit plan terms and conditions in relation to matured structured deposits (together with all associated trust account agreements, trust arrangements and service agreements);
 - (v) a role with a special purpose entity (**SPE**) relating to securities issues by such SPE;
- (b) the 2006 DIP Transaction Documents, which includes the 2006 Debt Issuance Programme and three issuances thereunder;
- (c) the 2011 Programme Residual Liabilities, which comprises the residual liabilities under the 2011 Unlisted Securities Programme and related documentation;
- (d) the Payables and Receivables;
- (e) current or future claims or proceedings relating to the Transferring Business; and
- (f) the Business Information and Business Records.

7. EFFECT OF THE SCHEME

General

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

7.1 The Transferring Assets and Transferring Liabilities will transfer to UBS AGLB or UBS ESE (as applicable).

7.2 Each Transferring Counterparty will become a counterparty of UBS AGLB or UBS ESE (as applicable) and their Transferring Counterparty Arrangements shall have effect

as if such Transferring Counterparty Arrangements had been made with UBS AGLB or UBS ESE (as applicable).

7.3 The transfer of the Transferring Business pursuant to the Scheme will not:

- (a) invalidate or discharge any contract, deed, security, guarantee or other arrangement;
- (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 any representation, obligation or duty or enable any person to bring a claim against any person, in each case whether in contract, tort, equity or otherwise;
- (d) allow any party to a contractual arrangement to terminate the contractual arrangement, or any part thereof, when it would otherwise not have been able to terminate it;
- (e) constitute a breach of, or default under, or require compliance with any contractual provision or other requirement which has the effect of prohibiting a transfer of any Transferring Asset, any Transferring Liability or which requires:
 - (i) notice or consent for or an acknowledgement of any action or other matter to be obtained from or provided to any person;
 - (ii) any obligation to be performed sooner or later than would have otherwise been the case;
 - (iii) any person to deliver any information to any other person for the purposes of satisfying KYC requirements;
 - (iv) any person to execute any new or additional documents (or similar);
 - (v) the satisfaction of eligibility criteria or any other condition which would restrict the Transfers to the relevant Transferees;
 - (vi) compliance with any restriction on the transfer of confidential information between the CSi and the relevant Transferee,in each case under any contract, deed or instrument or any other document to which the CSi or the relevant Transferee is a party or is bound;
- (f) constitute a waiver of any existing rights of CSi in relation to a Transferring Asset or Transferring Liability;
- (g) require the payment to any person by CSi or either Transferee of any fees, costs or expenses of any person;
- (h) require the delivery by CSi or the relevant Transferee of any legal opinion, tax opinion, report, certificate, evidence, corporate authorisation document or other document;
- (i) allow any person to terminate or vary (or treat as terminated or varied) any contract, deed, warranty, undertaking or other arrangement, save to the extent

expressly permitted pursuant to the Scheme, or confer a right or benefit on such person, or release any such person of any obligation, to the extent the foregoing would not otherwise have been possible, and accordingly no event of default or termination right (howsoever described) in any such arrangement shall be deemed to arise in connection with any of the foregoing;

- (j) to the extent possible under any law or regulation, enable an insolvency practitioner (the ***Insolvency Practitioner***), or any assignee of any claim or potential claim from an Insolvency Practitioner (an ***Assignee***), to treat the transfer effected by the Scheme, the creation of the security trust arrangement under the Scheme (or the decision to enter into the transfer effected by this Scheme) as (i) an entry into a transaction for the purposes of Sections 238(2), 240 and 241 of the Insolvency Act 1986; (ii) a giving of a preference for the purposes of Sections 239(2), 240 and 241 of the Insolvency Act 1986; (iii) an entry into a transaction for the purposes of Section 244(2) of the Insolvency Act 1986; (iv) the creation of a floating charge for the purposes of Section 245 of the Insolvency Act 1986; (v) an entry into a transaction for the purposes of Sections 423, 424 and 425 of the Insolvency Act 1986; or (vi) a similar triggering event for the purposes of any other period during which an Insolvency Practitioner or an Assignee can challenge the transaction in the context of any administration, liquidation, company voluntary arrangement or similar process (including, without limitation, any similar process under the Banking Act 2009 or the Investment Bank Special Administration Regulations 2011).

Transferring Counterparty Arrangements

7.4 Except as described in paragraph 9.1 below:

- (a) UBS AGLB will become entitled to all the rights and powers of CSi and will become liable for all obligations and liabilities of CSi in respect of the Transferring Business (other than the EEA Contracted Business);
- (b) UBS ESE will become entitled to all the rights and powers of CSi and will become liable for all obligations and liabilities of CSi in respect of the EEA Contracted Business; and
- (c) every Transferring Counterparty will be entitled to the same rights or powers against and be under the same obligations and liabilities towards UBS AGLB or UBS ESE (as applicable) as it had against and towards CSi.

Amendments to Transferring Counterparty Arrangements

7.5 While the commercial, financial and economic terms of the Transferring Counterparty Arrangements will not change, certain legal and operational amendments will be required to be made to the Transferring Counterparty Arrangements as a result of the proposed transfer from CSi to UBS AGLB or UBS ESE (as applicable). Details of these amendments are set out in the Annex to the Q&A.

7.6 The majority of the amendments will be general amendments to reflect the fact that the Transferring Business has been transferred to UBS AGLB or UBS ESE (as applicable) (for example, updates to entity names, corporate details, contact details, and website links). Details of these general amendments are set out in Part A of the Annex to the Q&A.

- 7.7 A small number of the amendments will be more substantive or specific to particular types of agreement only. Details of these specific amendments are set out in Part B of the Annex to the Q&A.

8. FOREIGN LAW GOVERNED TRANSFERRING COUNTERPARTY ARRANGEMENTS

Transferring Counterparties with Transferring Counterparty Arrangements that are (in whole or part) governed by the laws of New York, Germany, France, Italy or Japan will be contacted and asked to take additional steps in relation to the transfer of such Transferring Counterparty Arrangements. Until those steps are completed, those Transferring Counterparties' Transferring Counterparty Arrangements will be treated as Residual Items under the Scheme. The notification that has been sent to you accompanying this Explanatory Statement will explain if this applies to you.

9. WIDENING OF RIGHTS

- 9.1 In relation to Transferring Counterparties who have contractual arrangements with both (i) CSi; and (ii) UBS AGLB and / or UBS ESE (as applicable), prior to the Relevant Transfer Date, the scope of certain rights available to UBS AGLB and / or UBS ESE (as applicable) under such contractual arrangements may, as a result of the Scheme, be broader than was available to CSi under those agreements, unless the Scheme provides otherwise.

- 9.2 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 a counterparty's credit balances, or other amounts held, to repay a debt or liability the same contractual counterparty has with the bank. Under the Scheme, for a period of six months after the Relevant Transfer Date, the Transferees will not be permitted to: (i) use any set-off rights in an existing Transferee (as applicable) agreement (an *Existing Agreement*) to pay debts or liabilities arising under a Transferring Counterparty Arrangement; or (ii) use any set-off rights in a Transferring Counterparty Arrangement to pay debts or liabilities owed under an Existing Agreement (as applicable), to the extent that such rights arise solely by virtue of the Scheme.
- (b) **Cross default rights:** Cross default rights may provide for a contractual counterparty to automatically be in breach of an agreement 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 sums due. Under the Scheme, for a period of six months after the Relevant Transfer Date, the Transferees will not be permitted to apply any cross-default rights to accelerate or alter any rights or obligations under: (i) any Existing Agreement as a result of the breach of any Transferring Counterparty Arrangement, or (ii) under any Transferring Counterparty Arrangement as a result of the breach of any Existing Agreement, to the extent that such rights arise solely by virtue of the Scheme.
- (c) **Guarantees and indemnities:** Under the Scheme, for a period of six months after the Relevant Transfer Date, the Transferees will not be entitled to exercise any rights arising under a guarantee, indemnity, undertaking or commitment,

given to: (i) a Transferee under or relating to any Existing Agreement; or (ii) CSi under or relating to any Transferring Counterparty Arrangement, in each case, which might otherwise be exercisable by a Transferee by virtue of the Scheme, to secure the obligations of a Transferring Counterparty under or relating to any Transferring Counterparty Arrangement.

- (d) **Other rights:** Under the Scheme, for a period of six months after the Relevant Transfer Date, the Transferees will not be permitted to apply any other right, benefit, interest, discretion, power or authority which might otherwise be exercisable by UBS AGLB or UBS ESE (as applicable) as a result of the Scheme under any (i) existing UBS AGLB or UBS ESE agreement to reduce, alter, discharge or secure any liability under any Transferring Counterparty Arrangement; or (ii) any Transferring Counterparty Arrangement transferred from CSi to reduce, alter, discharge or secure any liability under any Existing Agreement, to the extent that such rights arise solely by virtue of the Scheme.

- 9.3 The restrictions summarised in paragraph 9.2 will not, however, apply to restrict the exercise of any right, benefit or power which the Transferees or a contractual counterparty may acquire other than as a result of the Scheme. For example, they will not limit the effect of any amendments made (whether before, on or after the Relevant Transfer Date) to any CSi, UBS AGLB or UBS ESE contractual arrangement in accordance with their terms.

10. CONTINUITY OF PROCEEDINGS

Any proceedings for the resolution of a dispute or claim by or on behalf of, or against, CSi in relation to the Transferring Business shall, following the Relevant Transfer Date, be commenced or continued against UBS AGLB or UBS ESE (as applicable, whether such proceedings arise before or after the Relevant Transfer Date). UBS AGLB or UBS ESE (as applicable) shall be entitled to all defences, claims, counterclaims and rights of set-off which would have been available to CSi 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 AGLB or UBS ESE (as applicable) as would have been available to it against CSi.

11. DATA PROTECTION

Any personal data obtained by CSi from contractual counterparties of the Transferring Business will be transferred to UBS AGLB or UBS ESE (as applicable) who will become the controller in respect of that data. References in any CSi data protection statements or consents will be construed as references to UBS AGLB or UBS ESE (as applicable).

12. INDEMNITY

- 12.1 UBS AGLB has agreed to indemnify CSi, from the Relevant Transfer Date, in respect of all liabilities of CSi relating to the Transferring Business (other than the EEA Contracted Business), whether arising on, prior to or after the Relevant Transfer Date, and all related costs incurred by CSi.

- 12.2 UBS ESE has agreed to indemnify CSi from the Relevant Transfer Date, in respect of all liabilities of CSi relating to the EEA Contracted Business, whether arising on, prior to or after the Relevant Transfer Date, and all related costs incurred by CSi.

13. **AMENDMENTS TO THE SCHEME**

- 13.1 After the Scheme has been approved by the Court, CSi and UBS AGLB 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.
- 13.2 CSi and UBS AGLB do not require the consent of the Court for any amendment which is minor or technical or to correct a manifest error.

14. **GOVERNING LAW**

The Scheme is governed by English law.