



Proposed transfer of the banking business of the UK branch of Habib Bank AG Zurich to Habib AG Zurich UK PLC

Your questions answered

Valid from 16 December 2015

Proposed transfer of the banking business of the UK branch of Habib Bank AG Zurich ("HBZ") to Habib AG Zurich UK PLC ("HBUK")

1. What is being transferred?

We intend to transfer all of the banking business of HBZ's UK branch to HBUK, a subsidiary company of HBZ (the "**Proposed Transfer**").

A copy of the explanatory statement (the "**Explanatory Statement**") summarising the banking business transfer scheme document (the "**Scheme Document**") is enclosed with this questions and answers document. Details of how to obtain additional copies of the Explanatory Statement and a copy of the Scheme Document are set out at the end of this booklet.

The Proposed Transfer will have no impact on the terms, conditions, rights and obligations under any of the agreements that you currently have in place with the UK branch of HBZ.

2. How and when will the transfer take place?

The Proposed Transfer will be carried out under Part VII of the Financial Services and Markets Act 2000 ("**FSMA**") and will be submitted to the High Court for approval. The High Court hearing to consider, and if thought fit approve, the Proposed Transfer is currently scheduled for 24 February 2016. If approved by the High Court, the Proposed Transfer will take effect on 1 April 2016 (the "**Effective Date**").

In order to complete the Proposed Transfer, we are required to follow a strict procedure as laid down by Part VII of FSMA. This is designed to protect customers' interests and involves liaising with the Financial Conduct Authority ("**FCA**") and Prudential Regulation Authority ("**PRA**") and obtaining approval from the High Court of Justice (the "**Court**") to the transfer.

3. Why is there a delay between the date of the Final Hearing and the Effective Date?

This time is to enable us to make various administrative and other arrangements to ensure a seamless transition for our customers from the Effective Date.

4. Why is the Proposed Transfer happening?

In order to simplify the regulatory oversight of the banking business of the UK branch, the FCA and PRA have requested that the Transferring Business be transferred to a UK authorised bank. In compliance with this request, HBZ has set up HBUK as its subsidiary, which is authorised to accept deposits and to effect and carry out banking business in the UK. The scheme is required to legally transfer the banking business of HBZ's UK branch from HBZ to HBUK, in a manner compliant with the requirements of FSMA.

5. What has already happened as part of the Court process?

At a hearing on 14 December 2015 the Court authorised the commencement of the Part VII process in respect of the Proposed Transfer and instructed HBZ and HBUK to communicate with customers and other interested parties.

6. What will happen between now and the Final Hearing?

The Final Hearing is currently scheduled to take place on 24 February 2016. Before the Final Hearing, the Court will receive copies of the Scheme Document setting out terms of the Proposed Transfer in detail, and various witness statements (one of which will summarise the feedback received from customers and other interested parties on the Proposed Transfer, including as a result of this communication). The Court may also receive copies of a report by one or more of the PRA and FCA.

7. What will happen at the Final Hearing?

At the Final Hearing, legal representatives for HBZ and HBUK will explain the proposals, the notifications made, and any responses received from customers and other interested parties. The High Court will consider, and be guided by, the views of the PRA and the FCA and any such responses before deciding whether to approve the Proposed Transfer. The High Court has a wide discretion as to whether to approve a Part VII transfer. The High Court will take into account the opinions of the PRA, FCA, and any representations made by customers or other interested parties who are concerned that they would be adversely affected by the Proposed Transfer. In addition, the High Court must be satisfied that (i) the PRA has given a certificate certifying that HBUK has adequate financial resources to act as a UK authorised bank, (ii) HBUK has the necessary authorisations required to enable the business of HBZ to be carried on by HBUK (or will have it before the Scheme takes effect), and (iii) in all the circumstances of the case, it is appropriate to sanction the Proposed Transfer.

8. Why does the transfer need Court approval?

We are following a statutory process which is set out in Part VII of FSMA. This requires, amongst other things, Court approval of the transfer.

9. Is there an opportunity to vote on the Proposed Transfer?

No. Customers and other interested parties have no voting rights in respect of the Proposed Transfer. However you do have a right to object to the Proposed Transfer if you believe you will be adversely affected by it and for your objections to be heard by the Court. See question 10 below.

10. Can I object to the transfer?

If you are concerned that the Proposed Transfer could adversely affect you, you have the right to write to us with your concerns and/or to appear at the Final Hearing or to instruct a legal representative, (at your own cost), to appear at the Final Hearing and make representations on your behalf. The Final Hearing will take place at The Rolls Building, Fetter Lane, London EC4A 1NL

If you intend to appear or be represented at the Final Hearing, please provide written notice of your intention to do so, together with your reasons for wishing to appear, as soon as possible and preferably before 9 February 2016 to Project Subsidiary Team at the address provided at the end of this booklet.

If you do not intend to appear at the Final Hearing, but have an objection to the Proposed Transfer, please notify us as soon as possible, and preferably before 9 February 2016, together with the reasons for your objection, by writing to Project Subsidiary Team at the address provided at the end of this booklet.

11. Do I need to do anything further?

If you do not wish to object to the Proposed Transfer, and do not require any further information, there is no need to do anything further.

12. When will the Proposed Transfer take place and how will I know it has gone ahead?

Provided that the Court approves the Proposed Transfer, it is expected to take place on the Effective Date (i.e. 1 April 2016). Any changes to this timetable will be reflected on the dedicated website <http://www.habibbank.com/>.

We will release an announcement on our website <http://www.habibbank.com/> on 26 February 2016 once the Proposed Transfer is approved.

Notices will also be published in national newspapers in the UK.

13. What happens if the Court doesn't approve the Proposed Transfer?

If the Court does not approve the Proposed Transfer, the changes we propose will not take effect and so your mortgage, loan, savings account, deposit account, current account, or other HBZ product will not transfer to HBUK and you will remain a customer of HBZ.

14. Will the Proposed Transfer affect who I make payments to and receive payments from?

If the Court sanctions the Proposed Transfer, from the Effective Date all of your payments will be made to and from HBUK, rather than HBZ.

15. Will there be any interruptions to the services you provide as a result of the Proposed Transfer?

No. The time between the date of the Final Hearing and the Effective Date will be used by HBUK to ensure that the relevant systems and support services are fully in place. This will enable us to ensure a seamless transition for our customers when the transfer takes effect.

16. Why have I received more than one letter about this?

If you have more than one product which is transferring to HBUK, you may receive more than one information pack relating to the Proposed Transfer. We apologise for any inconvenience this may cause. All of the information packs about the Proposed Transfer contain the same information.

17. How are my interests being protected?

To help ensure that the interests of our customers are not adversely affected by the Proposed Transfer, we are working closely with the FCA and PRA. The transfer is also subject to the approval of the Court.

The transfer will not affect any rights you may have to refer complaints to the Financial Ombudsman Service.

18. Does the Proposed Transfer mean I should delay proceeding with anything you send me in the meantime?

No. Please continue to operate your product(s) and account(s) as usual.

19. Will the Proposed Transfer cost me anything?

No. All costs and expenses incurred in connection with the Proposed Transfer, (including legal fees and the fees of the PRA and FCA), will be paid by HBZ. No customer of HBZ will face any charges relating to the Proposed Transfer.

20. How does the Proposed Transfer affect my deposit protection?

If you have a savings account, a deposit account or a current account with HBZ, your account balances are presently protected under the UK Financial Services Compensation Scheme ("**FSCS**") up to a limit of £85,000 (£75,000 as from 1 January 2016) provided you satisfy eligibility criteria stipulated by the FSCS rules (for more information about the FSCS, please refer to question 21 below). Following the Effective Date, your account balances held with HBUK will continue to be protected under the FSCS up to the same limits set out above.

There will therefore be no changes to the level of protection your eligible deposits enjoy.

If you are concerned at all about the deposit protection arrangements that will apply to your savings account, deposit account or current account following the transfer, please contact us using any of the methods set out at the end of this booklet, and a member of our team will be happy to assist you.

21. What is the FSCS and what does it protect?

The FSCS is a statutory fund for customers of UK financial services firms which are in default (e.g. if a firm is unable, or likely to be unable, to pay claims against it, has stopped trading and has insufficient assets to meet claims, or is in insolvency). In such circumstances, the FSCS will provide protection to eligible depositors by allowing them to recover a proportion of their savings which are held with defaulting firms. Broadly, the FSCS will pay compensation up to a limit of £85,000 (£75,000 as from 1 January 2016) held with the defaulting firm. This compensation limit applies to the total value of deposits held with the defaulting firm, rather than to each individual deposit. In the case of a joint account held by two people, the FSCS will protect up to £85,000 (£75,000 as from 1 January 2016) in respect of each account holder, meaning the joint account will be covered up to a limit of £170,000 (£150,000 as from 1 January 2016). Details of eligibility under the FSCS rules may be obtained from the FSCS website at www.fscs.org.uk.

22. Will there be any changes to my terms and conditions?

No changes will be made to the terms and conditions of your current product(s) as a result of the Proposed Transfer. The only change is that from the Effective Date, any references in your terms and conditions to 'Habib Bank AG Zurich' will change to 'Habib AG Zurich UK PLC'. If you have a mortgage where the interest rate is variable or is linked in some way to a variable rate (either our Standard Variable Rate or the Bank of England Base Rate), then in accordance with your existing mortgage conditions, these interest rates may vary from time to time in line with any changes to our Standard Variable Rate or the Bank of England Base Rate. If your mortgage transfers, HBUK will be responsible for the management of any changes to variable interest rates either due to a change in the Bank of England Base Rate, or a decision by HBUK to vary its Standard Variable Rate.

23. What will my bank be called after the Transfer?

The name of your bank will be Habib AG Zurich UK Plc.

24. Will my account number be the same?

Yes, your account number will be the same as it was prior to the Proposed Transfer.

25. Will my direct debits and standing orders be affected?

As a result of the Proposed Transfer your direct debit and standing order instructions to HBZ will be transferred to Habib AG Zurich UK Plc and Habib AG Zurich UK Plc will, in future, be the bank undertaking your standing orders and direct debits. You will not need to take any other action. If, in the future you wish to put in place a new standing order or direct debit or amend or cancel existing ones you should contact Habib AG Zurich UK Plc to do this.

26. Will I need a new cheque book?

You can continue to use your current cheque book until it is finished. Habib AG Zurich UK Plc will honour all cheques that are properly drawn provided you remain within any credit limits agreed between us and within the terms and conditions applying to your account with us. When your current cheque book is finished apply to us for a cheque book in the normal way and we will issue you with a new cheque book in the name of the new bank.

27. *Will there be any changes to branch access?*

No, there will be no changes to branch access.

28. *Will there be any changes to money remittance terms and conditions?*

No, there will be no changes to money remittance terms and conditions.

29. *Will the Proposed Transfer disadvantage me in any way?*

No. Other than the name of your bank changing to Habib AG Zurich UK Plc, there will be no material changes as a result of the Proposed Transfer and you will therefore not be adversely affected.

30. *Who should I contact if I have any questions relating to my mortgage after the Effective Date?*

If the Proposed Transfer is approved by the Court, and your mortgage transfers to HBUK, from the Effective Date HBUK will become your mortgage lender. However, your usual contact details will remain the same.

Further information

If you have any questions or concerns about the Proposed Transfer, you can find more information, and download copies of the relevant documents, (including the Scheme Document and Explanatory Statement) on our website at <http://www.habibbank.com/>

You can request free copies of any of the relevant documents or ask any further questions you may have by calling us on the following phone number: 020 7452 0205 / 020 74520 0320. Phone lines are open from 09:30 to 16:30 and we would be pleased to help. Alternatively, you can request free copies of any of the relevant documents or ask further questions by writing to us at Transfer Team, Habib Bank AG Zurich, Habib House, 42 Moorgate, London, United Kingdom, EC2R 6JJ, or by emailing us at habibuk.subsidiary@habibbank.com.

This document can be made available in Braille, large print or audio upon request, by contacting us at any of the postal or email addresses set out above, or by telephone.

<http://www.habibbank.com/>