

STATEMENT

about the proposed transfer of the private banking business of

Adam & Company

1. INTRODUCTION

- 1.1 The Royal Bank of Scotland plc ("**RBS**") carries on certain business under the name "Adam & Company". It is proposing to transfer that business (including deposit taking business) to Coutts & Company ("**Coutts**") using a banking business transfer "Scheme" (under Part VII of the Financial Services and Markets Act 2000 ("**FSMA**")).
- 1.2 The Scheme cannot come into effect unless it is sanctioned by the Court of Session in Scotland ("**Court**") under FSMA. RBS and Coutts have presented an "**Application**" to the Court in which they invite the Court to sanction the Scheme. The Application takes the form of a petition.
- 1.3 Engagement is required from the Prudential Regulatory Authority (the "**PRA**") and has also been sought from the Financial Conduct Authority (the "**FCA**") (the PRA and the FCA being together the "**Regulators**").
- 1.4 The full terms of the Scheme are set out in a "Scheme Document". The Scheme Document is lengthy and complex. This statement sets out the terms of the Scheme in a summary manner and uses capitalised terms which are defined in the Scheme Document.
- 1.5 Further information about the Scheme and the other key Scheme documents can be obtained from www.adambank.com.

2. THE PROCEDURE FOR HAVING THE SCHEME SANCTIONED

- 2.1 The sanctioning of the Scheme by the Court proceeds in stages. The first stage involves the Court making an order for the petition by RBS and Coutts to be advertised and to be served on the Regulators. That order (which also covers other matters) has already been made. The next stage is for the Court to hold a "Final Hearing" and make an order sanctioning the Scheme. The Court cannot sanction the Scheme unless it considers that, in all the circumstances of the case, it is appropriate to do so. The Final Hearing is expected to be held on 31 May 2022.
- 2.2 There are a number of requirements that must be satisfied before the Final Hearing. They include the following:
 - 2.2.1 RBS and Coutts must publish a notice stating that the Application has been made. This notice has been approved by the PRA and it is intended that it will be published in the London, Edinburgh and Belfast Gazette, The Scotsman, The Times and The Financial Times (domestic edition);
 - 2.2.2 RBS and Coutts must provide the Regulators with copies of the Application and this statement; and
 - 2.2.3 Coutts must obtain from the PRA a certificate of adequacy of financial resources and must have the requisite regulatory authorisations to carry on the transferred business.
- 2.3 Any person (including any customer or employee of RBS or any customer or employee of Coutts) who alleges that they will be adversely affected by the carrying out of the Scheme is entitled to be heard by the Court, as are the PRA and the FCA.
- 2.4 It is also possible to make written representations to the Court:
 - 2.4.1 Informal written objections may be made to the Court prior to the Final Hearing. Any person who wishes to raise informal objections is requested to send these in advance to RBS at The Royal Bank of Scotland plc, 36 St Andrew Square, Edinburgh EH2 2YB, by post or by

hand on or before 5:00pm on 11 April 2022. RBS will pass any such objections on to the Court. No fee is payable to the Court for objecting in this way.

2.4.2 It is also possible to make formal written objections to the Scheme and/or the Application by lodging with the Court at Court of Session, Petition Department, Parliament House, Edinburgh EH1 1RQ written pleadings known as "Answers" to the petition. This should be done on or before 5:00pm on 11 April 2022. Any person who wishes to lodge Answers may wish to seek independent legal advice. In addition, Answers must be accompanied by a fee to the Court.

2.5 Anybody who wishes to attend the Final Hearing in person to present any objections they may have is requested to inform RBS at The Royal Bank of Scotland plc, 36 St Andrew Square, Edinburgh EH2 2YB and RBS will pass this information to the Court. They are requested to do so in writing, stating their objections, as soon as possible and preferably before 5:00pm on 11 April 2022.

3. **THE BUSINESS TO BE TRANSFERRED**

The business to be transferred under the Scheme consists of the private banking (including execution only dealing services and custody account services) and lending business carried on by RBS in the "Adam & Company" brand and trading name and, in relation to the relevant parts of the private banking and lending business, that is associated with or allocated to certain branch sort codes, and any business operated via, and managed using, certain defined IT systems of RBS immediately prior to the Effective Date (whether or not recorded in the Business Records) (the "**Business**"), the Customer Accounts and the Investment Accounts and all associated activities, rights, undertakings, assets and liabilities relating to the Business.

4. **BUSINESS WHICH MAY BE TRANSFERRED AFTER THE EFFECTIVE DATE**

4.1 The main date for the transfer of the Business under the Scheme is called the "**Effective Date**", which is expected to be 2 July 2022.

4.2 There may be some parts of the Business which for one reason or another cannot be transferred on the Effective Date (for example, because the assets or liabilities concerned are situated outside the Court's jurisdiction). They will be retained by RBS until they can be transferred to Coutts. These parts of the Business are referred to as the "**Residual Assets**", "**Residual Liabilities**" and "**Residual Items**" in the Scheme. The later date when such an asset, liability or item is finally transferred called a "**Subsequent Transfer Date**".

4.3 The Scheme Document also refers to the "**Relevant Date**". This means either the Effective Date (for the Transferred Assets and Transferred Liabilities) or the Subsequent Transfer Date (for the transfer of any Residual Assets or Residual Liabilities).

5. **TRANSFER OF THE BUSINESS**

5.1 Under the Scheme, the Business (except for the Excluded Business and the Excluded Contracts, which are mentioned in paragraph 6 below) will be transferred to Coutts on the Relevant Date. This means that:

5.1.1 on and from the Effective Date:

- (a) each Transferred Asset will be transferred to Coutts, subject to all encumbrances affecting that Transferred Asset; and
- (b) each Transferred Liability will be transferred to Coutts, subject to all encumbrances affecting that Transferred Liability; and

5.1.2 on and from each Subsequent Transfer Date:

- (a) each Residual Asset will be transferred to Coutts on the relevant Subsequent Transfer Date, subject to all encumbrances affecting that Residual Asset; and

- (b) each Residual Liability will be transferred to Coutts on the relevant Subsequent Transfer Date, subject to all encumbrances affecting that Residual Liability.

5.2 The Scheme requires RBS and Coutts to take all such steps and execute all such documents as are necessary and desirable to effect or perfect the transfer of any Transferred Asset, Transferred Liability, Residual Asset and Residual Liability to Coutts.

6. EXCLUDED BUSINESS AND EXCLUDED CONTRACTS

6.1 The "**Excluded Business**" will not be transferred to Coutts under the Scheme. The Excluded Business comprises:

6.1.1 the discretionary investment management services business previously carried on by RBS and carried on by Adam & Company Investment Management Limited and trading as Adam & Company;

6.1.2 the Payment Scheme Arrangements;

6.1.3 the Correspondent Banking Arrangements;

6.1.4 the Supply Chain Service Arrangements;

6.1.5 the Intra-group Agreements;

6.1.6 the Adam Credit and Charge Cards;

6.1.7 any contracts of employment; and

6.1.8 subject to the provisions of the Scheme summarised at paragraph 10.5.1, any business relating to a Sanctions Customer.

6.2 The "**Excluded Contracts**" will also not be transferred to Coutts under the Scheme. The Excluded Contracts comprise:

6.2.1 any contracts, agreements, engagements, undertakings, arrangements, Mandates, orders and/or ancillary documents that have been entered into by RBS relating to the disposal of the discretionary investment management services business previously carried on by RBS and carried on by Adam & Company Investment Management Limited trading as Adam & Company;

6.2.2 any contracts, agreements, engagements, undertakings, arrangements, Mandates, orders and/or ancillary documents that have been entered into by RBS from time to time in relation to or in connection with the Excluded Business and which are in force immediately before the Effective Date;

6.2.3 any contracts, agreements, engagements, undertakings, arrangements and/or ancillary documents that have been entered into by RBS from time to time in relation to or in connection with any Intellectual Property Rights and which are in force immediately before the Effective Date; and

6.2.4 any other contracts, agreements, engagements, undertakings, arrangements, Mandates, orders and/or ancillary documents which RBS and Coutts agree in writing before the Effective Date shall be Excluded Contracts for the purposes of the Scheme.

7. "WRONG POCKETS" ITEMS

It is possible that at the Relevant Date, because of an error, items which are part of the Business fail to be transferred, or items which are part of the Excluded Business or are Excluded Contracts are transferred when they should not have been. These are called "**Wrong Pockets Items**". For the period from the Relevant Date until 2 July 2023 (or, if later, the Wrong Pockets Customer Date), the

Scheme provides a mechanism for RBS and Coutts to agree to the transfer (or transfer back) of any Wrong Pockets Items.

8. CONTINUITY OR COMMENCEMENT OF LEGAL AND OTHER PROCEEDINGS

- 8.1 Any action or other legal or administrative proceeding or step including arbitration, mediation, adjudication, complaint or claim to any authority or ombudsman (including any complaint or claim to the Financial Ombudsman Service) or other proceedings for the resolution of a dispute or claim by or against RBS in relation to the Business, the Transferred Assets, the Transferred Liabilities, the Residual Assets or the Residual Liabilities will be continued or commenced by or against Coutts. Coutts will also be entitled to all defences, claims, counterclaims and rights of set-off that would have been available to RBS in any such proceedings.
- 8.2 Any action or other legal or administrative proceeding or step including arbitration, mediation, adjudication or other proceedings for the resolution of a dispute or claim (whether current, pending, threatened or otherwise) in respect of a Residual Item will be continued or commenced by RBS under instructions from Coutts until the applicable Subsequent Transfer Date for that Residual Item.
- 8.3 In respect of any proceedings brought by a person against RBS in respect of the Business comprised in the Transferred Assets, Residual Assets, Transferred Liabilities, Residual Liabilities or Transferred Contracts, Coutts will not seek to raise any challenge to jurisdiction which arises because of those proceedings being commenced or continued by or against Coutts instead of RBS.

9. TRANSFERRED CONTRACTS

- 9.1 Except where the Scheme provides otherwise, every Transferred Contract will have effect on and from the Relevant Date as if the contract had been made with Coutts instead of RBS.
- 9.2 The Scheme Document sets out general and specific amendments that will be made to Transferred Contracts on and from the Relevant Date. In particular, there are specific amendments required to the Investment Services Agreement relating to the Worldwide ISA to include certain additional terms and conditions and to amend the name of any Investment Account bearing the name "The Adam & Company Worldwide ISA" to "The Coutts Self-Select ISA".
- 9.3 Any offer made to or by RBS in respect of the Business prior to the Relevant Date will have effect on and from the Relevant Date as if such offer had been made to or by Coutts and any agreement, undertaking, mortgage instrument or other document executed as a result of any offer will operate as if it were with or in favour of Coutts.

10. CUSTOMER ACCOUNTS, TRANSFERRED LOANS AND TRANSFERRED INVESTMENT ACCOUNTS

- 10.1 Any Customer Account between RBS and a customer which is part of the Business will, on the Relevant Date, become an account between Coutts and that customer and will be subject to the same terms and conditions as applied immediately prior to the Relevant Date.
- 10.2 Any negotiable instrument, cheque, letter of credit or other similar arrangement relating to any part of the Business drawn on or by, given to, or accepted or endorsed by RBS or otherwise payable by RBS before or after the Relevant Date will have effect on or from the Relevant Date as if drawn on or by, given to, or accepted or endorsed by Coutts.
- 10.3 Similarly, any Transferred Loans made, or Transferred Investment Accounts provided, to any customer by RBS in respect of the Business on or before the Relevant Date will become Loans made between Coutts and that customer or become Investment Accounts provided by Coutts to that Customer (as applicable).
- 10.4 Any existing mandate given to or by RBS in relation to the Business will have effect on and from the Relevant Date as if given to or by Coutts. RBS will retain responsibility for each mandate on and from the Relevant Date to the extent it continues to hold assets or liabilities in relation to that mandate.

10.5 The Scheme Document provides that:

10.5.1 unless and until an appropriate licence or consent has been granted to Coutts no business relating to a Sanctions Customer will be transferred from RBS to Coutts under the Scheme; and

10.5.2 any Transferred Asset, Transferred Liability or Residual Item subject to a Court freezing order will be subject to the same restrictions that applied immediately prior to the Relevant Date and any authority conferred by a customer upon RBS to provide certain financial or other information to third parties will apply from the Relevant Date as if conferred upon Coutts.

11. **GUARANTEES AND INDEMNITIES**

Under the terms of the Scheme, on and from the Relevant Date, each Transferred Guarantee/Indemnity Agreement will have effect as if it was made with Coutts instead of RBS and any Liabilities relating to the relevant Transferred Guarantee/Indemnity under such Transferred Guarantee/Indemnity Agreement will be enforceable by Coutts.

12. **SECURITY**

12.1 Any Transferred Security Interest held immediately before the Relevant Date by RBS or by a nominee, agent or trustee for RBS will, on and from the Relevant Date, be held by, vested in, available to and enforceable to the same extent by Coutts or its Transferee Nominee.

12.2 Any security interest which extends to future advances and liabilities will on and from the Relevant Date be available to Coutts as security for the payment of future advances and liabilities in all respects as it was available to RBS immediately before the Relevant Date.

13. **QUALIFYING DEPOSITS**

13.1 Some customers will have deposits which are protected by the Financial Services Compensation Scheme (the "**FSCS**") at the Relevant Date. The Scheme refers to them as "Qualifying Customers" and provides that, in order to ensure that their deposits do not exceed the "**FSCS Limit**" as a result of the Scheme, Coutts will, for three months following the Relevant Date, permit each such Qualifying Customer to withdraw all, or any part, of any Qualifying Deposits so that the balance of the Qualifying Deposits will equal the greater of:

13.1.1 the FSCS Limit; or

13.1.2 an amount equal to the aggregate balance (if any) of the Qualifying Deposits that the Qualifying Customer had with Coutts immediately prior to the Relevant Date.

13.2 Any such withdrawal may be made on any Business Day and will not be subject to any penalty, fee or charge that would otherwise apply in accordance with the terms and conditions that applied to the relevant Qualifying Deposit.

14. **CONFIDENTIALITY AND DATA PROTECTION**

14.1 From the Relevant Date, Coutts will, in relation to the Business, owe any relevant person the same duties of confidentiality as those which RBS owed in relation to the Business immediately prior to the Relevant Date.

14.2 RBS and Coutts will ensure that all data transferred to Coutts as part of the Business is transferred in a manner which complies with all relevant Data Protection Laws and Coutts will comply with all Data Protection Laws in handling Personal Data.

14.3 On and from the Relevant Date, Coutts will have the right to share information within the NatWest Group in relation to a Transferred Asset, a Transferred Liability or (if transferred at a Subsequent Transfer Date) a Residual Item where RBS would have had the right immediately prior to the

Relevant Date.

15. **DECLARATION OF TRUST BY THE TRANSFEROR AND PROVISIONS RELATING TO RESIDUAL ASSETS AND RESIDUAL LIABILITIES**

- 15.1 Under the terms of the Scheme, any Asset which is not, or is not capable of being, transferred to Coutts under the Scheme for any of the reasons set out in the Scheme will be held by RBS on trust for Coutts; and RBS and Coutts will procure that the relevant Asset is transferred as soon as reasonably practicable. The trust arrangement will cease upon such transfer.
- 15.2 If a Transferred Security Interest or a Transferred Guarantee/Indemnity is not transferred to Coutts under the Scheme, then unless otherwise agreed between RBS and Coutts, any Assets, Liabilities or Transferred Contracts that are subject to the Transferred Security Interest or a Transferred Guarantee/Indemnity will also be deemed not to be transferred from RBS to Coutts until the date on which the Transferred Security Interest or Transferred Guarantee/Indemnity is transferred.
- 15.3 If a Transferred Contract is not transferred to Coutts under the Scheme, then unless otherwise agreed between RBS and Coutts, any Transferred Security Interest or Transferred Guarantee/Indemnity granted in connection with the Transferred Contract will also be deemed not to be transferred from RBS to Coutts until the date on which the Transferred Contract is transferred.
- 15.4 If an Asset or Liability is not transferred to Coutts as referred to in paragraphs 15.2 and 15.3 above, then, until it is transferred to Coutts, RBS will be subject to Coutts' instructions. If the Residual Asset is a contract, Coutts will, until the transfer to it, perform all obligations of the contract as RBS's sub-contractor.
- 15.5 Any payment, asset, right or benefit that is received by RBS on or after the Relevant Date in respect of the Business, a Transferred Asset, a Transferred Liability, or a Residual Asset will be paid or transferred to Coutts as soon as reasonably practicable.

16. **PROVISIONS RELATING TO DUAL BANKED CUSTOMERS**

Paragraphs 17 to 23 below apply to "Dual Banked Customers", as defined below at paragraph 17.1.

17. **RIGHTS OF SET-OFF**

- 17.1 Subject to the time limits mentioned in paragraph 17.2 below, if a customer has (i) an agreement with Coutts ("**Existing Transferee Agreement**") prior to the Relevant Date; and (ii) an agreement with (amongst others, as applicable) RBS that will transfer to Coutts under the Scheme ("**Transferred Customer Contract**") (a "**Dual Banked Customer**"), then on and from the Relevant Date Coutts will not be entitled:

17.1.1 to apply any rights of set-off, which might otherwise be exercisable by Coutts solely as a result of the Scheme, by using credit balances held under any Existing Transferee Agreement to reduce or discharge any liability arising under a Transferred Customer Contract; or

17.1.2 to apply any rights of set-off, which might otherwise be exercisable by Coutts solely as a result of the Scheme, by using credit balances held under a Transferred Customer Contract to reduce or discharge any liability arising under an Existing Transferee Agreement,

except that this restriction will not apply to any rights of set-off where, immediately before the Relevant Date, (i) an Existing Transferee Agreement or (ii) a Transferred Customer Contract permits set-off between credit balances held with RBS and liabilities owed to Coutts, and/or set-off between credit balances held with Coutts and liabilities owed to RBS.

- 17.2 The restrictions mentioned in paragraph 17.1 will cease to apply in relation to credit balances held under (i) any Existing Transferee Agreement or (ii) any Transferred Customer Contract as follows:

17.2.1 where the credit balance is at the Relevant Date held for a fixed term, on the date that falls

three months after the expiry of that term;

17.2.2 where the credit balance is at the Relevant Date held on terms that a promotional rate of interest will be lost if the deposit is withdrawn before the end of a certain period, on the date that falls three months after the expiry of that period; and

17.2.3 in all other cases, on the date that falls three months after the Relevant Date.

18. **ALL MONIES RIGHTS**

18.1 On and from the Relevant Date, Coutts will not be entitled:

18.1.1 to apply any All Monies Rights which might otherwise be exercisable by it solely as a result of the Scheme, under any Existing Transferee Agreement to secure any liability arising under any Transferred Customer Contract; or

18.1.2 to apply any All Monies Rights, which might otherwise be exercisable by it solely as a result of the Scheme, under any Transferred Customer Contract to secure any liability arising under any Existing Transferee Agreement,

except that this restriction will not apply to any All Monies Rights under, immediately before the Relevant Date, (i) an Existing Transferee Agreement which secured any liabilities arising under a Transferred Customer Contract or (ii) a Transferred Customer Contract which secured liabilities arising under any Existing Transferee Agreement.

19. **CONSOLIDATION RIGHTS**

19.1 On and from the Relevant Date, Coutts will not be entitled:

19.1.1 to apply any Consolidation Rights which might otherwise be exercisable by it solely as a result of the Scheme, to prevent the release of any Encumbrance given in relation to any Existing Transferee Agreement until any obligations have been satisfied under any Transferred Customer Contract; or

19.1.2 to apply any Consolidation Rights, which might otherwise be exercisable by it solely as a result of the Scheme, to prevent the release of any Encumbrance given in relation to any Transferred Customer Contract until any obligations have been satisfied under any Existing Transferee Agreement,

except that this restriction will not apply to any Consolidation Rights under, immediately before the Relevant Date, (i) an Existing Transferee Agreement which were exercisable under a Transferred Customer Contract or (ii) a Transferred Customer Contract which were exercisable under any Existing Transferee Agreement.

20. **CROSS-DEFAULT RIGHTS**

20.1 On and from the Relevant Date, Coutts will not be entitled:

20.1.1 to apply any Cross Default Rights, which might otherwise be exercisable by it solely as a result of the Scheme, to accelerate or alter any rights or obligations under any Existing Transferee Agreement as a result of the breach of any Transferred Customer Contract; or

20.1.2 to apply any Cross Default Rights, which might otherwise be exercisable by it solely as a result of the Scheme, to accelerate or alter any rights or obligations under any Transferred Customer Contract as a result of the breach of any Existing Transferee Agreement,

except that this restriction will not apply to any Cross Default Rights exercisable, immediately before the Relevant Date under, (i) an Existing Transferee Agreement as a result of the breach of any Transferred Customer Contract if that breach had occurred immediately before the Relevant Date or (ii) a Transferred Customer Contract as a result of the breach of any Existing Transferee Agreement

if that breach had occurred immediately before the Relevant Date.

21. GUARANTEE RIGHTS, ETC.

21.1 On and from the Relevant Date, Coutts will not be entitled:

21.1.1 to rely on any Guarantee/Indemnity Rights, which would otherwise be exercisable by it solely as a result of the Scheme, under any Existing Transferee Agreement in respect of Liabilities arising under a Transferred Customer Contract; or

21.1.2 to rely on any Guarantee/Indemnity Rights, which would otherwise be exercisable by it solely as a result of the Scheme, under any Transferred Guarantee/Indemnity in respect of Liabilities arising under an Existing Transferee Agreement,

except to the extent that those Guarantee/Indemnity Rights would have applied to the Liabilities under the relevant Transferred Customer Contract or the Existing Transferee Agreement (as the case may be) immediately before the Relevant Date.

22. GENERAL EXISTING AGREEMENT RIGHTS

22.1 Subject to the time limits mentioned in paragraph 22.2 below, on and from the Relevant Date, Coutts will not be entitled to apply any other right, benefit or power which might otherwise be exercisable by it solely as a result of the Scheme in relation to:

22.1.1 any Existing Transferee Agreement:

(a) to reduce, alter, discharge or otherwise secure liability arising under any Transferred Customer Contract; or

(b) which would entitle Coutts not to repay any credit balance or would restrict a Customer from disposing, charging or dealing with any credit balance under a Transferred Customer Contract, until a liability to Coutts under the Existing Transferee Agreement has been discharged; or

22.1.2 any Transferred Customer Contract:

(a) to reduce, alter, discharge or otherwise secure liability arising under any Existing Transferee Agreement; or

(b) which would entitle Coutts not to repay any credit balance or would restrict a customer from disposing, charging or dealing with any credit balance under an Existing Transferee Agreement until a liability to Coutts under the Transferred Customer Contract has been discharged.

22.2 The restrictions mentioned in paragraph 22.1 will cease to apply in relation to credit balances held under (i) any Existing Transferee Agreement or (ii) any Transferred Customer Contract as follows:

22.2.1 where the credit balance is at the Relevant Date held for a fixed term, the date that falls three months after the expiry of that term;

22.2.2 where the credit balance is at the Relevant Date held on terms that a promotional rate of interest will be lost if the deposit is withdrawn before the end of a certain period, on the date that falls three months after the expiry of that period; and

22.2.3 in all other cases, on the date that falls three months after the Relevant Date.

23. ENTIRE AGREEMENT CLAUSES

23.1 Under the terms of the Scheme, if (i) a Transferred Customer Contract or (ii) an Existing Transferee Agreement contains an entire agreement clause, then on and from the Relevant Date:

23.1.1 the Transferred Customer Contract will be read and construed as applying only to products or services of the Business and shall not apply to or supersede the Existing Transferee Agreement; and

23.1.2 the Existing Transferee Agreement will be construed as applying only to products or services of Coutts not comprised in the Business and will not apply to or supersede the Transferred Customer Contract.

23.2 Any new customer agreement with Coutts that contains an entire agreement clause will, unless stated to the contrary, apply in the same manner as in paragraph 23.1.2 above.

24. INDEMNITIES IN FAVOUR OF RBS

24.1 Coutts will discharge on RBS's behalf or, failing that, will indemnify RBS against:

24.1.1 charges, liabilities, costs and claims arising in respect of all Transferred Assets and Transferred Liabilities and all Residual Assets and Residual Liabilities which do not transfer by the Scheme until the relevant liability is transferred to Coutts;

24.1.2 any amount paid by RBS in respect of any of its liabilities in respect of the Business that are, whether wholly or in part, the subject of a policy of indemnity insurance or a claim or right of recovery against a third party, but only to the extent that RBS, having made a claim under the policy or against the third party, will have failed to recover any such amount using any rights it may have under such policy.

25. INDEMNITIES IN FAVOUR OF COUTTS

25.1 RBS will indemnify Coutts against all charges, liabilities, losses, claims and expenses in respect of the Transferred Assets, Transferred Liabilities, Residual Assets and Residual Liabilities:

25.1.1 to the extent that they cannot be recovered by Coutts but are otherwise recoverable RBS from a third party; or

25.1.2 in connection with any defect (whether in title or otherwise) in relation to, or any other diminution in the value of, property transferred to Coutts, to the extent that the loss is otherwise recoverable from a third party.

26. CONSEQUENCES OF THE SCHEME

Without prejudice to any obligation of RBS or Coutts pursuant to the terms of the Scheme and save to the extent stated otherwise in the Court's order sanctioning the Scheme (the "**Order**"), the transfer effected by the Scheme will not invalidate or discharge any security or guarantee, or require further registration or amendment of existing registration in respect of any security or other instrument, or constitute a breach or default under any contractual provision that would prohibit the transfer of any Transferred Asset, Transferred Liability or Residual Item to Coutts, or allow any party to terminate or vary any arrangement when that party would not otherwise have been able to terminate or vary such an arrangement, or afford any party any greater or lesser obligation under any contract that such a party would otherwise have been afforded, or affect the enforceability, priority or ranking of any security, or constitute a breach of any representation, obligation or duty, or enable any person to bring a claim against any person.

27. EFFECTIVE DATE OF THE SCHEME

It is intended that the Scheme will become effective in accordance with the order of the Court at 00:01am (GMT) on 2 July 2022 or on such other time and date as RBS and Coutts may agree (the "**Effective Date**"). Unless the Scheme becomes operative in its entirety on or before 11.59 p.m. (GMT) on 2 October 2022 or such later date and/or time, if any, as the Court may allow upon the application of RBS and Coutts, it will lapse.

28. **GOVERNING LAW**

This Scheme is governed by, and shall be construed in accordance with, the law of Scotland and the parties submit to the exclusive jurisdiction of the Courts of Scotland.

29. **FURTHER INFORMATION**

29.1 **This Statement and the Scheme Document contain important information.** A copy of the Scheme Document and a booklet setting out information about the Transfer together with some frequently asked questions (the "**Customer Guide**") are available from the following website: www.adambank.com/transfer or from 36 St Andrew Square, Edinburgh EH2 2YB and will remain available until the date of the Court hearing to consider sanctioning the Scheme.

29.2 If there is any doubt as to the meaning or import of the contents of this Explanatory Statement, the Customer Guide or the Scheme Document RBS can be contacted by the methods outlined in the Customer Guide. If further advice is required, it is recommended that advice from a solicitor or other professional adviser is sought.

29.3 This Scheme Summary is available in Braille, large print or audio on request.