

Questions & Answers



Proposed scheme for the transfer of the entirety of the business of Kleinwort Benson Bank Limited to SG Kleinwort Hambros Bank Limited.

This questions and answers (Q&As) document provides you with further information in relation to the transfer of your Kleinwort Benson Bank Limited services and investment and/or savings account or mortgage or other accounts to SG Kleinwort Hambros Bank Limited and explains any implications which may be of relevance to you.

If, having read these Q&As, you have any further questions you can contact your designated private banker in the usual way or our dedicated team at the address and/or phone numbers set out below.

By phone:

UK clients: please call us on 0800 085 7138

Clients calling from overseas: please call us on +44 203 207 7045.

The lines will be open from 09:00 to 17:00 Monday to Friday (excluding bank holidays).

By post:

If writing from within the UK:

Freepost KLEINWORT BENSON BANK TRANSFER

If writing from overseas:

Kleinwort Benson Bank Transfer
8 St James's Square
London SW1Y 4JU
United Kingdom

By email:

banktransfer@kleinwortbenson.com

For all normal service or account enquiries please contact your designated private banker in the usual way.

A. Background to the proposed transfer

1 What is happening?

- 1.1 Societe Generale completed its acquisition of Kleinwort Benson Bank Limited (KBBL) in June 2016 and is now seeking to integrate KBBL into the SG Hambros Group through the transfer of the entire business of KBBL to SG Kleinwort Hambros Bank Limited, formerly known as SG Hambros Bank Limited (Kleinwort Hambros).
- 1.2 This transfer will be executed by way of a banking business transfer scheme (Transfer) under Part VII of the Financial Services and Markets Act 2000, which will be subject to the approval of the High Court of England and Wales (the Court). As long as the Court gives approval, and subject to the satisfaction of certain other legal and commercial conditions, we expect the

Transfer to become effective on 6 November 2017. If this date changes we will place a notice confirming the effective date of the Transfer on our website at www.kleinwortbenson.com.

- 1.3 Please see Part C (Part VII Banking Business Transfer Scheme) for further details of the Transfer.

2 What is transferring?

We are proposing to Transfer the entire business of KBBL to Kleinwort Hambros. This will include all clients, all assets under our management, all deposits placed with us and any mortgages or loans provided by us. All contracts with external third parties will also transfer; one effect of this is that payment instructions will be unchanged.

3 Why is KBBL transferring these accounts?

The combination of KBBL and Kleinwort Hambros will make Kleinwort Hambros one of the largest private banking groups in the UK and Channel Islands, capitalising on the complementary nature of the two prestigious, relationship-focused, businesses. The combined expertise, together with the support of the Societe Generale Group and access to its worldwide network, will make Kleinwort Hambros strongly positioned to grow and deliver a best-in-class service for clients.

4 Why is Kleinwort Hambros acquiring these accounts?

The transfer of KBBL's business into Kleinwort Hambros is part of Societe Generale's strategy to simplify its group structure and unify its UK and Channel Islands private banking business under the name of Kleinwort Hambros. Kleinwort Hambros will be a relationship-focused private bank of reference, and a leading private bank in the UK and Channel Islands.

B. How will the Transfer affect you?

To help you understand the impact on your account(s) and services, we have divided this section as follows: Part I describes the impact upon all clients and Part II describes the impact upon only certain types of clients.

Part I – Applicable to all clients of KBBL

5 Will I be moved to a Kleinwort Hambros product or service?

We expect that the combination of our two businesses will provide an opportunity to review and enhance our services and pricing and we will communicate any changes to you at that time. Any changes will be subject to the terms of business in place at the time. Kleinwort Hambros will notify you in advance and highlight any changes to the products or service being amended. If you have any questions at that time regarding what is being proposed, then we will discuss them with you in detail.

6 Will there be any changes to the way I access my account?

- 6.1 Your interaction with your designated private banker will continue as before. You will still be able to access your account to make and receive payments and the services provided to you currently by KBBL will continue to be provided by Kleinwort Hambros after the Transfer.
- 6.2 Your account number(s) will remain the same and all automated payments currently set up on your accounts will continue as before.
- 6.3 For a period of time you may still see the KBBL name, including on your bank statements and valuations.

7 Will I get separate statements for my accounts which were previously with KBBL and Kleinwort Hambros?

- 7.1 For the initial period after the Transfer, accounts held by former clients of both KBBL and Kleinwort Hambros will continue to operate on different operational systems. This will inevitably mean that, if you hold accounts with both KBBL and Kleinwort Hambros, the reporting will not be consolidated and you will receive separate statements.
- 7.2 A plan is in place for Kleinwort Hambros to ultimately manage all investments on the same operational system and further details of the plan will be communicated in due course. The Transfer is the next step in this ongoing plan.

8 Will there be a change to my designated private banker or Portfolio Manager?

No. You will continue to be able to contact your designated private banker in the usual manner after the Transfer.

9 Do I still call the same telephone number to service my account/access my money?

Yes. The way you service your account(s) will not change as a result of the Transfer. You can continue to call us on the usual telephone numbers to contact your designated private banker.

10 Will the Transfer affect rights of set-off between my accounts?

- 10.1 This information will only be relevant to you if, immediately before the Transfer, you have accounts with both KBBL and Kleinwort Hambros.
- 10.2 A set-off right is the right of a bank, in certain circumstances, to use money you have deposited with it (such as in a current or savings account) against a debt you also have with it (such as a loan, mortgage, overdraft or credit card) that becomes repayable. For example if a set-off right is included in your terms and conditions and you currently have both a KBBL savings account and mortgage, if you fall behind with your mortgage payments, money in your savings account could be used to pay the missed payments on your mortgage.
- 10.3 If you currently have accounts with both KBBL and Kleinwort Hambros, the two banks cannot currently set off amounts you owe between those accounts and that will not change for a period after the date of the Transfer during which Kleinwort Hambros will not be able to:

- (a) if you have a savings account with KBBL and a mortgage or loan with Kleinwort Hambros, use money deposited in such a savings account transferred from KBBL to repay or reduce money owing on any such existing mortgages or loans with Kleinwort Hambros; or
- (b) if you have a current or savings account with Kleinwort Hambros and a mortgage with KBBL, use money held in such an existing account with Kleinwort Hambros to repay or reduce money owing on a mortgage account transferred from KBBL.

10.4 The period of time referred to above will be three months from the date of the Transfer. However, if your money is held in a fixed-term account or in an account which is subject to a promotional rate, provided that the balance is maintained for a certain period, it will be three months from the end of that fixed term or promotional period.

10.5 After the period ends, Kleinwort Hambros will be able to exercise rights of set-off between all accounts you hold with Kleinwort Hambros, including those transferred from KBBL.

10.6 The restriction on Kleinwort Hambros exercising its increased rights of set-off will not apply to any new accounts you open with Kleinwort Hambros after the date of the Transfer.

11 Other than in relation to rights of set-off, will the Transfer affect any other rights between my KBBL and Kleinwort Hambros accounts?

- 11.1 If before the Transfer, you have accounts with both KBBL and Kleinwort Hambros, in addition to rights of set-off (see question 10 "Will the Transfer affect rights of set-off between my accounts?"), Kleinwort Hambros will not be able to exercise certain other rights over your KBBL or existing Kleinwort Hambros accounts which are additional to those which existed prior to the Transfer for a period of three months after the date of the Transfer.
- 11.2 Please refer to paragraphs 5 and 6 in the enclosed explanatory statement setting out a summary of the terms of the proposed Transfer (the **Summary**) for further detail on how the Transfer will affect rights between your Kleinwort Hambros and KBBL accounts.

12 Will my terms of business change?

- 12.1 Under the Scheme, on the Effective Date of the Transfer your existing terms of business will be replaced with new terms. Your new terms will bring your terms into line with those of existing Kleinwort Hambros clients.
- 12.2 Over time, and as part of our aim to deliver best-in-class service, some of our existing core services may be amended and a small number of products may be discontinued, but please be assured that any changes to the services you currently receive will be subject to the requirements set out in our terms of business and will only be implemented after an appropriate notice period.
- 12.3 We may also make further changes to your terms of business in the normal course of business, for example to reflect legal or regulatory changes or to make your

conditions fairer or more clear. If we do this we will write to you separately about the changes.

13 How will the Transfer affect any complaints against KBBL?

- 13.1 All existing complaints against KBBL will transfer along with the entire business of KBBL to Kleinwort Hambros. As a result Kleinwort Hambros will continue to deal with the complaint in the place of KBBL and will be entitled to any defences that KBBL may have had.
- 13.2 Any new complaints against KBBL relating to the period prior to the effective date should be brought against Kleinwort Hambros which will be entitled to any defences that KBBL may have had.

14 Is Kleinwort Hambros a member of the London Stock Exchange?

No. Kleinwort Hambros is not a member of the London Stock Exchange, however we do not expect this to have any adverse impact on the services Kleinwort Hambros will provide you.

Part II – Applicable to specific types of client

(a) Savings clients

15 Will my savings rate change?

Your savings rate will not be affected upon Transfer and future changes to rates will be made in accordance with the terms of business in place on your account at that time.

(b) Mortgage/loan clients

16 Will my mortgage/loan change?

- 16.1 Your mortgage/loan will continue to be payable on the basis set out in the documentation for your KBBL mortgage/loan account(s).
- 16.2 Any changes to your mortgage/loan rate will be notified to you as set out within the relevant terms and conditions.

(c) Investment management clients

17 Will any of my funds be transferred from KBBL funds to Kleinwort Hambros funds?

- 17.1 There will be no immediate change to the holdings in your investment portfolio(s) as a direct result of the Transfer. Kleinwort Hambros will continue to deliver investment services to clients based on the strategy and risk appetite previously agreed.
- 17.2 Over time, it is inevitable that the instruments used in the portfolios will change but those changes will continue to be based on a robust investment management process.

18 Will there be any change to the funds I can invest in?

We expect that Kleinwort Hambros will be in a position to offer an even wider range of funds to be held in investment portfolios.

19 Will there be any change to how my investments are held?

- 19.1 Kleinwort Hambros will continue to hold investment assets through a nominee company. In the initial period we do not anticipate that the current nominee used by KBBL will change.
- 19.2 Any future change to the nominee company used will be communicated to clients in advance.

C. Part VII Banking Business Transfer Scheme

20 What happens next?

- 20.1 The Court hearing to approve the Transfer is due to take place on 30 October 2017 at the Rolls Building, Royal Courts of Justice, 7 Rolls Building, Fetter Lane, London, EC4A 1NL.
- 20.2 If this date is changed for any reason, we will write to anyone who has contacted us to register an objection (see question 23 “How can I ensure my views are considered?”) with details of the new date. We will also update our website with details of the new hearing date.
- 20.3 Both KBBL and Kleinwort Hambros are authorised by the Prudential Regulation Authority (the **PRA**) and regulated by the Financial Conduct Authority (the **FCA**) and the PRA. We are working closely with both the PRA and the FCA in relation to the proposed Transfer. The PRA and the FCA are entitled to appear at the Court hearing on 30 October 2017.
- 20.4 If the Court approves the Transfer, subject to the satisfaction of certain other legal and commercial conditions, we expect the Transfer to become effective on 6 November 2017. If this date changes we will place a notice confirming the effective date of the Transfer on our website at www.kleinwortbenson.com.
- 20.5 Following completion of the Transfer, KBBL will cease to conduct banking business and accordingly it will no longer be carrying on any regulated activities. It is therefore intended that KBBL surrender its regulatory permissions shortly after the Effective Date and so cease to be authorised by the PRA and regulated by the FCA and the PRA. Kleinwort Hambros will continue to be authorised by the PRA and regulated by the FCA and the PRA following the Transfer.

21 Do I need to do anything?

No – unless you have any further queries or concerns you want raised, you do not need to take any action. If the Court approves the Transfer then your investment and/or savings account or mortgage or other accounts will transfer to Kleinwort Hambros automatically on the date of the Transfer. However, if you have any objections to the proposals you are entitled to raise them as detailed in question 23.

22 Who can attend the hearing?

The Court hearing will be attended by representatives of KBBL and Kleinwort Hambros. It is also open for members of the public to attend. If you have an objection to the Transfer because you believe you will be adversely affected as a result, you can attend (in person, or by a legal representative with advocacy rights) and make your objection at the Court hearing. For further details of how to do this please see question 23.

23 How can I ensure my views are considered?

- 23.1 If you have any further questions which have not yet been answered, please call us on the numbers shown at the end of these Q&As.
- 23.2 If you believe that you may be adversely affected by the Transfer you have the right to object to the Transfer and attend the Court hearing for approval of the Transfer. You can write to us even if you are not going to appear at the hearing, and we will ensure that your objections are raised at the Court hearing. You may also instruct a barrister or solicitor advocate, at your own cost, to appear at the Court hearing and make representations on your behalf. When considering whether to give its approval to the Transfer, the Court will take into account whether the Transfer adversely affects you or anyone else.
- 23.3 If you wish to take any further action, please provide us with details of your objection and your written representation or details of your intention to attend or be represented at the Court hearing. Please provide these details in writing to the address or email address set out in these Q&As stating your reasons and preferably before 25 October 2017. This will enable KBBL and Kleinwort Hambros to provide notification of any changes to the Court hearing and, where possible, to address any concerns raised in advance of the Court hearing. In addition, KBBL and Kleinwort Hambros will provide the PRA and the FCA with copies of any such representations received, regardless of whether the person making such representations has indicated they intend to attend the Court hearing or not.
- 23.4 A failure to give written notice in advance does not prevent any person who wishes to do so from attending the Court hearing.

24 Will the Part VII Transfer Scheme cost me anything?

No, the transfer of your account(s) will not cost you anything. However, if you instruct a barrister or solicitor advocate to appear at the Court hearing for approval of the Transfer this will be at your own cost (see question 23 "How can I ensure my views are considered?").

D. Financial Services Compensation Scheme (FSCS)

25 Will I be eligible for compensation from the FSCS?

- 25.1 The FSCS provides eligible depositors, including private individuals and small businesses (which includes companies, as long as they meet the "small company" criteria set out in the relevant Companies Act) with assurance that up to £85,000 of money deposited with an FCA authorised deposit taker will be protected if the deposit taker becomes unable to repay money deposited with it. Some eligible clients may also benefit from protection in respect of investment business for up to £50,000 per firm.
- 25.2 As set out in the enclosed letter, at present, if you are an eligible depositor and have money deposited with both KBBL and Kleinwort Hambros, your money deposited with both KBBL and Kleinwort Hambros is covered by the FSCS, similarly if you have investment business with both KBBL and Kleinwort Hambros you have separate protection under the FSCS. If circumstances arise where you are entitled to make

a claim against both, you could currently claim up to a maximum of £170,000 for deposits and up to £100,000 for investment business under the FSCS (the aggregate of a maximum of £85,000 for the money deposited with each of KBBL and Kleinwort Hambros and £50,000 in respect of each firm for investment business).

- 25.3 However, following the Transfer of your KBBL account(s) to Kleinwort Hambros, your deposit(s) will be held by a single firm which is only one qualifying deposit taker under FSCS rules. This will mean that your maximum compensation from the FSCS will reduce to £85,000 in respect of deposits and £50,000 for investment business for an individual or entity.
- 25.4 For joint accounts, each account holder is treated as having a claim under the FSCS in respect of their share so, for a joint account held by two eligible depositors, the maximum amount that could be claimed under the FSCS would be £85,000 each (making a total of £170,000). The £85,000 limit relates to the combined amount in all the eligible depositor's accounts with the bank, including their share of any joint account, and not to each separate account.
- 25.5 All eligible clients who have deposit accounts with both KBBL and Kleinwort Hambros prior to the date of the Transfer will be permitted to withdraw any amounts held with either Kleinwort Hambros or KBBL from the date of receipt of this letter until the expiry of three months after the date of the Transfer other than amounts that an eligible client has deposited as security for services that are being provided to that eligible client or as security for that eligible client's borrowings. Any amounts withdrawn by an eligible client will be free from penalty, fee, notice or charge (including loss of accrued interest).
- 25.6 If you are concerned about the impact of the Transfer on your cash deposits and the statutory protection that is provided to you, please contact us via your designated private banker in the usual way, or through our dedicated team at the address and/or phone numbers at the end of these Q&As. We will explain the different options available to you in relation to this change in protection.
- 25.7 If you need further information to help you understand if you are eligible please either contact us on the numbers shown at the end of these Q&As or visit www.fscs.org.uk or call 0800 678 1100 OR +44 (0) 20 7741 4100 to obtain full details of the eligibility criteria for both private individuals and small businesses.

26 Can you provide financial advice in relation to the impact of the changes to how my deposits are protected under the FSCS?

No. We can talk you through the options available, but neither KBBL nor Kleinwort Hambros will be able to provide you with financial advice in relation to these changes.

E. Further information

27 How will I know when the Transfer has happened?

We will confirm the Transfer with an announcement on our websites www.kleinworthambros.com and www.kleinwortbenson.com.

28 Where can I obtain further information?

You can find more information about the Transfer in the enclosed Summary. A full copy of the scheme document is also available free of charge by calling us on 0800 085 7138 (UK clients) or +44 203 207 7045 (clients calling from overseas), by visiting <https://www.kleinwortbenson.com/en/bank-transfer/>, or by request in writing to the address in question 29. You can also request a full copy of the scheme document by contacting your designated private banker or our dedicated team at the address and/or phone numbers set out below.

29 How do I get in touch?

29.1 If, having read these Q&As, you have any further questions you can contact your designated private banker in the usual way or our dedicated team at the address and/or phone numbers set out below.

By phone:

UK clients: please call us on 0800 085 7138.

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The lines will be open from 09:00 to 17:00 Monday to Friday (excluding bank holidays).

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Kleinwort Benson Bank Transfer
8 St James's Square
London SW1Y 4JU
United Kingdom

By email:

banktransfer@kleinwortbenson.com

For all normal service or account enquiries please contact your designated private banker in the usual way.

Calls may be monitored or recorded. Calls to 0800 numbers from UK landlines are free. The costs from mobile phones may vary. If you are calling from abroad, please check with your service provider for the cost of calling this number from overseas.

29.2 Please be aware of fraudulent communications. We will never send you an email or letter asking for your confidential or personal security information, or emails containing a link asking for such information. If you receive any such request, do not follow the instructions and forward a copy of the email to banktransfer@kleinwortbenson.com or post any letters to our address as set out in these Q&As.

Copies of these Q&As, and all the documents relating to the Transfer, are available in large print or on audiotape on request by calling 0800 085 7138 (UK clients) or +44 203 207 7045 (overseas clients).

Important information

Kleinwort Benson and Kleinwort Hambros are the brand names of Kleinwort Benson Bank Limited, which is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. The firm reference number is 119269. The company is incorporated in England and Wales under number 2056420 and its registered address is 14 St. George Street, London W1S 1FE. Telephone calls may be recorded.