

First Name Second Name
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01 June 2022

Dear

Further notification in relation to our change in legal structure

Further to our letter of 4th February 2022, we are writing to update you on our proposed change of legal structure which is intended to simplify our organisation and enable us to better serve you and other stakeholders. You are not required to take any action as a result of this change, but it is in your interests to be aware of the proposed changes. There will be some changes that could affect a limited number of clients where we may ask you to take some actions. We will contact you separately if this is relevant to you.

It is intended that SG Kleinwort Hambros Bank (CI) Limited (the "**CI Bank**") will transfer its Jersey business to a new Jersey branch of SG Kleinwort Hambros Bank Limited (the "**UK Bank**"), operating under the name of SG Kleinwort Hambros Bank Limited, Jersey Branch (the "**Jersey Branch**") (the "**Transfer**"), under a transfer scheme (the "**Transfer Scheme**"). Subject to the Royal Court of Jersey sanctioning the Transfer Scheme, the Transfer is expected to occur on 1st October 2022. Details about the progress of the Transfer, including any changes in the court dates, will be posted on our website at <https://www.kleinworthambros.com/en/important-information/bank-transfer>. The Jersey Branch will also be writing to you after the Transfer to confirm the date when the Transfer has taken effect and you have become a customer of the Jersey Branch.

Please find enclosed the following documents in relation to the Transfer:

1. A summary of the Transfer Scheme document pursuant to Article 48D of and the Schedule to the Banking Business (Jersey) Law 1991 (the "**Summary Transfer Scheme document**");
2. A summary of the Independent Auditor's report in relation to the Transfer Scheme (the "**Summary Independent Auditor's report**");
3. New Terms of Business governing your relationship with the Jersey Branch (the "**New ToBs**"); and
4. A Q&A document which provides answers to a number of frequently asked questions (the "**Q&A document**"), including explanations about practical and key regulatory impacts and changes in the New ToBs resulting from the Transfer.

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The key points for each document are summarised below:

1. The Summary Transfer Scheme document

This is the summary of the legal document which provides for the CI Bank to transfer its business to the Jersey Branch. A transfer by means of a deposit taking business transfer scheme is a tried and tested method which has been used by a number of Jersey banks over the last few years who have transformed their business into a branch. The scheme document contains a number of provisions relating to the transfer of client assets and liabilities (including any associated rights and obligations). The Summary Transfer Scheme document outlines the key provisions of the transfer mechanism and a copy of the full scheme document and a copy of the court application can be obtained from our website or by contacting us as outlined on the final page of the Q&A document. The Court will only approve the Transfer if it is satisfied that the Transfer as a whole is fair and meets the relevant legal requirements. The Court will take into account the views of the Jersey Financial Services Commission and the independent auditor and will also consider objections raised by anyone who believes that they may be adversely affected by the Transfer.

2. The Summary Independent Auditor's report

Kleinwort Hambros have engaged an independent auditor, Deloitte LLP, to provide an independent report on the Transfer and we have enclosed a summary of their report. This report confirms that, based on the work they have performed, nothing has come to their attention that causes them to believe that the Transfer would have a materially adverse effect on the financial position, liquidity or capital adequacy of the CI Bank or the Jersey Branch, or to believe that it would disadvantage their clients or creditors, nor would the Depositor Compensation Scheme arrangements and creditor hierarchy considerations have any material adverse effect on customers when the Scheme takes effect. A copy of the full report can be obtained from our website or by contacting us as outlined on the final page of the Q&A document.

3. The New ToBs

Enclosed are the complete set of the New ToBs which will be effective from the date of the Transfer. The changes to the existing ToBs have been kept to a minimum and have been made only where strictly necessary in relation to the Transfer, for example, to reflect the change in name and regulatory status of the service provider (ie from the CI Bank to the Jersey Branch). As for the existing terms of business, the New ToBs cover the Kleinwort Hambros business conducted from both Jersey and Guernsey. Further details of the key changes in the New ToBs are included in the Q&A document.

4. The Q&A document

This document sets out a series of answered questions, that are frequently asked in these circumstances, so please refer to this Q&A document in the first instance if you have any questions. **We strongly advise you to read the Q&A document.**

Section 2 of the Q&A document includes important information about practical changes resulting from the Transfer. Some of these may require action on your part in due course. Where relevant to the services we provide to you, **we will contact you separately if any action is required by you.** Where relevant to you, we will be writing to you about: new settlement details for non-Sterling payments; additional documentation for dealing in derivatives; and a new format of costs and charges disclosure for execution only accounts. However, please note that **none of our fees will be changing** as a result of the Transfer.

Section 3 of the Q&A document includes a summary of the key regulatory changes resulting from the Transfer. These regulatory changes will vary depending upon your circumstances (e.g. whether you are UK resident) but this document provides information on topics such as how UK regulations will or will not apply to certain activities of the Jersey Branch, including rules applicable to safe custody, advisory services and execution only transactions. It also includes regulatory disclosures that the Jersey Branch is required to make on certain topics, such as best execution and conflicts of interest.

It is important to note that there will be **no change to the Jersey Bank Depositor Compensation Scheme** arrangements for your savings. If and to the extent that you are currently protected by the Jersey Bank Depositor Compensation Scheme, your cash savings will continue to be protected, as outlined in the New ToBs. In addition, there will be no change in the Complaints Handling Policy in the event that you have a complaint against the Jersey Branch. However, for services other than cash deposits, you may be entitled to compensation under the UK's Financial Services Compensation Scheme ("**FSCS**") in respect of other categories of claim if the Jersey Branch cannot meet its obligations in certain cases. This depends upon the circumstances of the claim.

Section 4 of the Q&A document explains the key changes to the New ToBs. The key changes are:

Part 1: para 3.3: Recognition of the UK Bail-in option;

Part 1: para 29: Removal of reference to the FSCS not applying, as it will apply in some circumstances; and

Part 3: para 35: Explanation that the UK Client Money Rules do not apply.

Do I need to do anything in relation to the New ToBs?

No. No further action is required by you and the new terms will automatically become effective on 1st October 2022. If, however, you do not wish to be bound by the changed terms, please contact your Private Banker before 1st August 2022 to discuss the options available to you. You can arrange to close your account without incurring additional charges*.

Do I need to do anything in relation to the Transfer?

You do not need to do anything in relation to the Transfer. If, however, you believe you will be adversely affected by the Transfer, you are entitled to be heard by the Royal Court of Jersey which is sitting to hear the application to approve the Transfer Scheme at 9.00am on 15 August 2022. Further details on how you can attend the hearing or otherwise object to the Transfer are contained in the Q&A document (see paragraph 2.25). If this time or date changes, we will let you know at <https://www.kleinworthambros.com/en/important-information/bank-transfer>.

If anyone else should need to be made aware of these changes, please let them know. This could include anyone linked to your account, the beneficiary of an account including a joint account holder, or someone on whose behalf you hold an account.

If you require any further information or have any questions regarding the Transfer, please contact your Private Banker or usual Kleinwort Hambros contact.

Yours sincerely,

Phil McIlwraith

Channel Islands CEO

**Your obligations and liabilities, including the payment of account, product and portfolio fees and charges due and unpaid, will continue to apply until all services, accounts and transactions have been closed or completed and all outstanding amounts and liabilities have been paid or satisfied in full.*

