

## FREQUENTLY ASKED QUESTIONS

These questions and answers (these “**FAQs**”) aim to provide you with further information about the proposed transfer by AS LHV Pank (UK Branch) (the “**Transferor**”) of its UK deposit-taking and payment services business to LHV UK Limited (to be renamed LHV Bank Limited) (the “**Transferee**”) by way of a banking business transfer scheme (referred to as a “**Part VII**”) under Part VII of Financial Services and Markets Act 2000 (“**FSMA**”) and explains any implications which may be relevant to you. These FAQs are made available subject to the disclaimer which appears on the last page hereof.

**Please note that the Part VII does not apply in respect of customer contracts relating to Euro-related banking products and services with AS LHV Pank (Estonia), which are Estonian law governed and will remain in full force and effect in accordance with their existing terms.**

If, having read these FAQs, you have further questions, please contact your relationship manager, or our dedicated team using the following details:

**Phone:** +44 20 3005 0155

**Email:** [PartVII@lhv.com](mailto:PartVII@lhv.com)

**Post:** LHV UK Limited  
1 Angel Court  
London EC2R 7HJ  
United Kingdom

Attn: Ingvar Üpre, UK General Counsel

*\*Please contact your relationship manager for all regular UK banking product or service enquiries.*

### 1. Why is the Transferor undertaking a Part VII?

- Prior to Brexit, financial services firms based in the European Economic Area, such as AS LHV Pank, were entitled to use the European Union passporting regime to establish a branch in the UK and provide regulated services without being authorised by the Prudential Regulation Authority (the “**PRA**”) or the Financial Conduct Authority (the “**FCA**”). Accordingly, when the Transferor was established in the UK on 19 April 2018, it benefitted from the European Union passporting regime.
- Following Brexit, the European Union passporting regime ceased to apply in relation to the UK and the Transferor’s ability to continue operating in the UK under the UK Government’s temporary permissions regime (the “**TPR**”) is set to expire on 31 December 2023.
- As part of our planning to ensure continuity of service provision to our UK customers, on 4 February 2021, the Transferee was incorporated and, on 2 May 2023, the Transferee became authorised by the PRA as a “UK authorised person”, able to accept deposits and to provide regulated payment services in the UK.
- The Part VII is, in effect, a legal mechanism to transfer the Transferor’s UK deposit-taking and payment services business to the Transferee without requiring the Transferor’s customers, suppliers and other contractual counterparties to sign new documentation. The Part VII allows for the automatic transfer of a large number of separate legal relationships with customers, suppliers and other counterparties, instead of requiring individual counterparty consent. The Part VII is subject to careful regulatory and court scrutiny, intended to ensure that any potential adverse effects are identified and those persons adversely affected are given the opportunity to make their views known.

### 2. What are the benefits of a Part VII?

- A Part VII allows for the transfer of existing contractual relationships to the Transferee without the need for re-papering, which is expected to reduce the legal execution burden for the Transferor’s UK customers and suppliers as well as for the Transferor and the Transferee.
- Additionally, the transfer of specific contracts and banking products / services pursuant to a Part VII is effective by operation of law and, as such, does not result in a new contract being entered into between a customer / supplier and the Transferee. This may benefit our UK customers and suppliers (for example, they will not need to undergo our on-boarding processes again).

### 3. What is transferring under the Part VII?

- A copy of the key Part VII document (known as the “**Scheme Document**”) is available for download, free of charge, by visiting our website at [www.lhv.com/legal-and-regulatory/](http://www.lhv.com/legal-and-regulatory/). The Scheme Document describes the “Transferring Business”, which includes the contracts with the Transferor’s UK banking services customers as well as certain of the Transferor’s UK supply contracts (which are listed in appendix A (*Transferring Supplier Contracts*) of the Scheme Document), that is expected to transfer to the Transferee if the Part VII is approved by the High Court of England and Wales (the “**High Court**”).

#### 4. Will there be a change to your designated relationship manager?

- No. If the Part VII is approved by the High Court, your designated relationship manager will remain unchanged. The Transferor’s UK staff are also expected to transfer by operation of law to the Transferee. A summary of this transfer process is set out in the Explanatory Statement, which is available for download at [www.lhv.com/legal-and-regulatory/](http://www.lhv.com/legal-and-regulatory/).

#### 5. What does the Part VII involve?

- The Part VII is subject to the approval of the High Court. The High Court’s approval is subject to a number of legal and regulatory conditions which must be satisfied by the Transferor and the Transferee. The Transferor and the Transferee have recently submitted their joint application to the High Court for an order approving the Part VII.
- The High Court hearing to approve the Part VII (the “**Sanction Hearing**”) is due to take place on 15 August 2023 at the Rolls Building, Royal Courts of Justice, 7 Rolls Building, Fetter Lane, London, EC4A 1NL, United Kingdom. If the date of the Sanction Hearing changes for any reason, we will write to anyone who has contacted us to register an objection (see our response to Question 10 below) with details of the new date. We will also update our website at [www.lhv.com/legal-and-regulatory/](http://www.lhv.com/legal-and-regulatory/) with details of the new Sanction Hearing date.
- As mentioned in our response to Question 1 above, the Transferee is already authorised by the PRA and regulated by the FCA and the PRA. We are working closely with the PRA and the FCA in relation to the proposed Part VII. The PRA and the FCA are entitled to appear at the Sanction Hearing should they choose to do so.
- If the various legal and regulatory conditions to the Part VII are duly satisfied and the High Court approves the Part VII, we expect the Part VII to become effective on 22 August 2023 (the “**Effective Date**”). Again, if this date changes, we will place a notice on our website at [www.lhv.com/legal-and-regulatory/](http://www.lhv.com/legal-and-regulatory/).
- Following completion of the Part VII, the Transferor will cease to conduct banking business in the UK and accordingly it will no longer carry on any UK regulated activities. It is therefore intended that the Transferor will cease operating under the TPR after the Effective Date. Following the Part VII, the Transferee will continue to be authorised by the PRA and regulated by the FCA and the PRA.

#### 6. How will the Part VII affect you?

- To help the Transferor’s UK customers and suppliers understand the impact on their contractual relationships with the Transferor, we have sent notification letters to our UK customers (a copy of which is available for download at [www.lhv.com/legal-and-regulatory/](http://www.lhv.com/legal-and-regulatory/)) and relevant UK suppliers (a copy of which is available for download at [www.lhv.com/legal-and-regulatory/](http://www.lhv.com/legal-and-regulatory/)).
- In summary:
  - we do not anticipate any material impact on the provision of services to the Transferor’s UK banking services customers. They will be able to make and receive payments as they currently do, and the services currently provided to them by the Transferor will, if the Part VII takes effect, be provided by the Transferee. Our unique BIC will also remain the same; and
  - we do not anticipate any material impact on the services currently received from the Transferor’s relevant UK suppliers, including the scope of services required.
- More detailed information is available in paragraphs 5 and 6 of the Scheme Document, a summary of which is available in the Explanatory Statement available for download at [www.lhv.com/legal-and-regulatory/](http://www.lhv.com/legal-and-regulatory/). In particular, please see paragraph 4 of the Explanatory Statement, which explains the amendments to the contractual relationships with the Transferor’s UK customers and relevant suppliers which will come into effect if the High Court approves the Part VII.

#### 7. What documentation will you receive for the Part VII?

- A Part VII transfer does not involve re-papering, and we do not expect to provide our UK customers or relevant suppliers with updated legal documentation. However, because we always value the views of our customers and suppliers, we have sent notification letters to our customers (a copy of which is available for

download at [www.lhv.com/legal-and-regulatory/](http://www.lhv.com/legal-and-regulatory/)) and relevant suppliers (a copy of which is available for download at [www.lhv.com/legal-and-regulatory/](http://www.lhv.com/legal-and-regulatory/)). We also intend to send a further letter to our UK customers and relevant suppliers if and when the High Court approves the Part VII notifying them of that fact.

#### 8. Do you need to do anything?

- No, you do not need to take any action, unless you have any further queries or concerns which you want raised. If the High Court approves the Part VII, all contracts within the scope of the Part VII will transfer to the Transferee automatically on the Effective Date. However, if you have any objections to the Part VII, you are entitled to raise them as detailed in our response to Question 10 below.

#### 9. Will the Part VII Transfer Scheme cost you anything?

- No, the Part VII and the transfer of your contracts will not cost you anything.

#### 10. How can you ensure your views are considered?

- If you have any questions or concerns about the Part VII or the Scheme Document, please contact your relationship manager, or our dedicated team using the details set out above.
- If you believe that you may be adversely affected by the Part VII, you have the right to object to the Part VII and attend the Sanction Hearing. You can write to us even if you are not going to appear at the Sanction Hearing, and we will ensure that your objections are provided to the High Court. You may also instruct a barrister or solicitor advocate, at your own cost, to appear at the Sanction Hearing and make representations on your behalf. When considering whether to give its approval to the Part VII, the High Court will take into account whether the Part VII adversely affects you or anyone else.
- If you wish to notify us of your intention to object to the Part VII, you are requested to please provide us with details of your objection and your written representation or details of your intention to attend or be represented at the Sanction Hearing. Please provide these details in writing to the address or email address shown above stating your reasons, preferably before 1 August 2023. This will enable the Transferor and the Transferee to provide notification thereof to the High Court or, if possible, to address any concerns raised in advance of the Sanction Hearing. We will acknowledge and reply in writing to all objections we receive. In addition, the Transferor and the Transferee 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 Sanction Hearing or not. A failure to give written notice in advance does not prevent any person who wishes to do so from attending the Sanction Hearing.

#### 11. Will you still be eligible for compensation from the FSCS?

- The Financial Services Compensation Scheme (the “**FSCS**”) provides holders of eligible deposits (pursuant to rule 2.2 of the Depositor Protection Part of the PRA Rulebook) with assurance that up to £85,000 (or such other amount as is applicable on the Effective Date in accordance with Chapter 4 of the Depositor Protection Part of the PRA Rulebook) of money deposited with a PRA authorised deposit taker will be protected if that deposit taker becomes unable to repay money deposited with it. If you hold eligible deposits with the Transferor, following the Part VII coming into effect, your money deposited with the Transferee will equally be covered by the FSCS on the same basis as it is currently covered by the FSCS in respect of the Transferor.
- Furthermore, following the Effective Date, all Transferring Customers (as defined in the Scheme Document) who hold eligible deposits with the Transferee which exceed the abovementioned FSCS threshold will, for a period of 3 months from (and including) the date immediately following the Effective Date, be entitled to withdraw the amount of such eligible deposits in excess of the abovementioned monetary threshold from the Transferee free from any penalty, withdrawal fee, transfer fee, prior notification obligation and/or charge (including loss of accrued interest) which may otherwise apply.
- If you are concerned about the impact of the Part VII on your eligible deposits and/or the statutory protection that may be available to you, please contact your relationship manager, or our dedicated team using the details set out above. If you need further information to help you understand if you are an eligible depositor please visit [www.fscs.org.uk](http://www.fscs.org.uk) or call 0800 678 1100 or +44 (0) 20 7741 4100 to obtain full details of the eligibility criteria.

#### 12. How will the Part VII affect any existing customer complaints against the Transferor?

- All existing complaints against the Transferor in relation to the Transferring Business will transfer along with the banking business of the Transferor to the Transferee. As a result, the Transferee will continue to

deal with the complaint in the place of the Transferor and will be entitled to any defences that the Transferor may have had.

- Any new complaints against the Transferor in relation to the Transferring Business relating to the period prior to the Effective Date should be brought against the Transferee, which will be entitled to any defences that the Transferor may have had.
- Please note that each Transferring Customer and each Transferring Supplier (as defined in the Scheme Document) will be entitled to all defences, claims, counterclaims, rights of netting and/or rights of set-off under its Transferring Customer Contract or its Transferring Supplier Contract (in each case, as defined in the Scheme Document), as applicable, in respect of the Transferee which would have been available to it in respect of the Transferor.

#### **13. What information about our UK customers will become public as a result of a Scheme?**

- Customers have not been named in the Scheme Document. The scope of Transferring Customer Contracts has been defined in the Scheme Document by reference to the banking products and services to which they relate.
- Please note that a customer's name and/or other identifying details only become available to the High Court in the event of that customer objecting to the Part VII (in which case the customers are made aware of this disclosure, and relevant correspondence will be shown to the PRA, the FCA and the High Court in advance of the Sanction Hearing).

#### **14. How will you know when the Part VII is effective?**

- As explained in our response to Question 7 above, we intend to send a further letter to our UK customers and relevant suppliers if the High Court approves the Part VII notifying them of that fact. If the Part VII is approved by the High Court, we will also confirm that the High Court has sanctioned the Part VII with an announcement on our website at [www.lhv.com/legal-and-regulatory/](http://www.lhv.com/legal-and-regulatory/).

#### **15. Where can you obtain further information about the Part VII?**

- A full copy of the Scheme Document as well as the Explanatory Statement and other helpful materials are available, free of charge, from our website at [www.lhv.com/legal-and-regulatory/](http://www.lhv.com/legal-and-regulatory/), by contacting your relationship manager or by contacting our dedicated team using the details set out above.

**IMPORTANT NOTICE**

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 [Part VII@lhv.com](mailto:Part VII@lhv.com) or post any letters to our address as set out in these FAQs.

These FAQs are made available for information purposes only. These FAQs are incomplete without reference to the Scheme Document and should not be relied upon in place of the Scheme Document itself. These FAQs remain the property of the Transferor and the Transferee. These FAQs may not be relied upon by you or any other person or distributed without the prior written consent of the Transferor and the Transferee. Please note that nothing in these FAQs or the documents referred to herein should be relied upon as legal, tax, accounting or regulatory advice to you or any other person, and you should seek your own professional advice as you deem necessary. Neither the Transferor nor the Transferee shall be obliged, by having made these FAQs available to you, to provide any financial products or services to you, and these FAQs should not be construed as an offer in respect of any products or services. Neither the Transferor nor the Transferee is providing, and has not provided, any investment advice or personal recommendation to you in relation to the matters described herein. This disclaimer shall not exclude any liability for, or remedy in respect of, fraud or fraudulent misrepresentation. These FAQs (including this disclaimer) and any non-contractual obligations arising out of or in connection with them shall be governed by, and interpreted in accordance with, English law. The English courts shall have exclusive jurisdiction in relation to all disputes arising out of or in connection with these FAQs including, without limitation, any non-contractual obligations arising out of or in connection with them.