

Private & Confidential

[Transferring Customer]
[insert address]
[insert postcode]
[insert country]

Date: _____ 2023

Dear Sir / Madam,

IMPORTANT INFORMATION FOR UK BANKING SERVICES CUSTOMERS

1. As part of our planning to ensure continuity of service provision to our UK banking services customers, in response to the withdrawal of the UK from the European Union (“Brexit”), AS LHV Pank (UK Branch) (the “Transferor”) is proposing to undertake a transfer of its UK deposit-taking and payment services business, which includes your UK banking services contract with the Transferor (your “Contract”), to LHV UK Limited (to be renamed LHV Bank Limited) (the “Transferee”). The Transferor and the Transferee are in the same corporate group and, accordingly, this transfer (the “Transfer”) is, in effect, an internal corporate reorganisation exercise. Please be assured that the **commercial terms and conditions of the provision of contracted services to you (including the scope of such services) will remain broadly unchanged, and your usual point of contact will remain the same.**
2. The Transferee is authorised by the Prudential Regulation Authority (the “PRA”), with firm reference number 993767, and regulated by both the Financial Conduct Authority (the “FCA”) and the PRA. Accordingly, the Transferee is duly authorised and regulated to provide the services to you under your Contract.
3. The Transfer is proposed to be effected as a banking business transfer scheme (the “Scheme”) under Part VII of the Financial Services and Markets Act 2000 (referred to as a “Part VII”), and the Transferor and the Transferee have recently submitted their joint application to the High Court of Justice of England and Wales (the “High Court”) requesting an order approving the Scheme. The purpose of this letter is to advise you of the Transfer and to explain what it will mean for you, as a future customer of the Transferee, if the Scheme is approved by the High Court. **No further action is required on your part**, but should you have any queries or concerns, this letter sets out how you can bring them to our attention.
4. You will find enclosed the following documents providing information about the Transfer, which you should read carefully:
 - (a) a summary of the Scheme (referred to as an “Explanatory Statement”);
 - (b) a detailed Frequently Asked Questions document, where we have addressed many of the issues which may be of interest to you; and
 - (c) a document setting out the provisions of our standard UK customer terms and conditions which will change on account of the Transfer, if the Scheme is approved by the High Court. Broadly, these changes are mechanical, administrative and/or technical.

This information is also available, free of charge, on our website at www.lhv.com/legal-and-regulatory/.

5. We would like to assure you that **continuing to provide you with a high quality of service and focusing on our UK banking offering remain paramount to us. Our relationship managers and support staff are also expected to move to the Transferee, so your interaction with them is anticipated to remain unchanged.**

How does a Part VII work?

6. A Part VII is a statutory transfer mechanism which allows the transfer of a large number of separate contracts via a High Court order, rather than requiring counterparties to sign new documentation. The Part VII mechanism is flexible enough to enable certain changes to be made to the terms of transferring contracts (as set out in the enclosure referred to in paragraph 4(c) above).

Why is the Part VII being undertaken?

7. Prior to Brexit, financial services firms based in the European Economic Area, such as AS LHV Pank (Estonia), 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 PRA or the FCA.

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8. Accordingly, when the Transferor was originally 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 is set to expire on 31 December 2023. The Part VII is being undertaken to ensure continuity of service provision to our UK banking services customers.

What happens next?

9. As mentioned in paragraph 3 above, the Transferor and the Transferee have recently submitted their joint application to the High Court. A hearing is scheduled for 15 August 2023 for the High Court to consider and, if deemed appropriate, approve the Scheme. Subject to the High Court approving the Scheme (by issuing a "Court Order") and certain other legal and commercial conditions being satisfied, it is expected that the Scheme will become effective on 22 August 2023. Should any of these dates change, we will place a notice on our website at www.lhv.com/legal-and-regulatory/.
10. In due course, a copy of the Court Order will be available, free of charge, on our website at www.lhv.com/legal-and-regulatory/ and we will notify you of the Court Order having been granted. Shortly thereafter, the Transferor will cease to operate under the UK's temporary permissions regime.

What does this mean for you?

11. We do not anticipate any material impact on our provision of services to you. You will be able to make and receive payments as you currently do, and the services currently provided to you by the Transferor will, if the Scheme takes effect, be provided to you by the Transferee. Our unique BIC code will remain the same.
12. If the Scheme takes effect, the terms of your Contract will be automatically amended as referred to in paragraph 4(c) above. Paragraph 4 of the Explanatory Statement provides a helpful overview of these amendments.
13. **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.**
14. 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 date that the Scheme takes effect 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 covered by the FSCS in respect of the Transferor. Furthermore, following the Part VII coming into effect, if you hold eligible deposits with the Transferee which exceed the aforementioned FSCS threshold, for a period of 3 months from (and including) the date immediately following the date on which the Part VII comes into effect, you will 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 below. If you need further information to help you understand if you are an eligible depositor please visit www.fscs.org.uk or call 0800 678 1100 or +44 (0) 20 7741 4100 to obtain full details of the eligibility criteria.

How can you ensure your views are considered?

15. Should you have any questions or concerns regarding the Transfer, the Scheme or the Part VII process, including the proposed amendments to the terms of your Contract, please contact your relationship manager or our dedicated team using the details provided at the end of this letter.
16. If you believe that you may be adversely affected by the Scheme, you have the right to object to the Scheme and attend the High Court hearing for approval of the Scheme. You can write to us even if you are not going to appear at the High Court 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 High Court hearing and make representations on your behalf. When considering whether to give its approval to the Scheme and grant the Court Order, the High Court will take into account whether the Scheme adversely affects you or anyone else.

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17. Should you wish to notify us of your intention to object to the Scheme, 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 High Court hearing. Please provide this information in writing using the details provided at the end of this letter 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 High Court 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 High Court hearing or not. A failure to give written notice in advance does not prevent any person who wishes to do so from attending the High Court hearing.

Next steps

18. You do not need to take any action for the Transfer to happen or for the Scheme to be approved by the High Court.

We are here to help

19. Please do not hesitate to contact us to discuss any aspect of this letter. We would encourage you to contact your relationship manager or our dedicated team using the following details:

Phone: +44 20 3005 0155

Email: PartVII@lhv.com

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

Attn: UK General Counsel

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

20. A full copy of the Scheme document, as well as the other enclosed information, is also available, free of charge, from your relationship manager, by contacting our dedicated team using the details set out above, or by visiting our website at www.lhv.com/legal-and-regulatory/.

21. This letter is important. If, having spoken to your relationship manager and/or our dedicated team, you are still in any doubt as to the meaning of any of the contents of this letter, or any of the enclosed documents, or if you require further guidance, you are recommended to seek advice from your own solicitor or other professional advisers immediately. Please note that nothing in this letter or the enclosed documents constitutes or should be relied upon as legal, tax, accounting or regulatory advice and you should seek your own professional advice as you deem necessary.

We would like to take this opportunity to assure you that the Transferor will continue to conduct its business as usual, whilst working closely with the Transferee throughout 2023 to ensure the Transfer, if the Scheme is approved by the High Court, takes place as quickly and smoothly as possible.

Yours sincerely,

.....
_____, an authorised signatory
for and on behalf of **AS LHV Pank (UK Branch)**

Enc.

