

**Private & Confidential**

[Transferring Supplier]  
[insert address]  
[insert postcode]  
[insert country]

Date: \_\_\_\_\_ 2023

Dear Sir / Madam,

**IMPORTANT INFORMATION FOR UK SUPPLIERS**

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 supply contract pursuant to which we receive services in the UK and ancillary arrangements with the Transferor (together, 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.
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.
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 supplier 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”). In particular, we would like to bring your attention to paragraph 4 of the Explanatory Statement, which is of particular significance in the context of your Contract; and
  - (b) a detailed Frequently Asked Questions document, where we have addressed many of the issues which may be of interest to you.

This information is also available, free of charge, on our website at [www.lhv.com/legal-and-regulatory/](http://www.lhv.com/legal-and-regulatory/).

5. We would like to assure you that **focusing on our UK banking offering remains paramount to us and maintaining strong relationships with our key suppliers is central to our ability to continue providing market-leading services to our UK customers.**

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.

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.
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/](http://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/](http://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 the services we currently receive from you (including the scope of services we require)**, if the Scheme is approved by the High Court. As referred to in paragraph 4(a) above, certain changes will need to be made to your Contract to accommodate the Scheme. Broadly, these changes are mechanical, administrative and/or technical (e.g. changes to the LHV entity name, address, etc.). Paragraph 4 of the Explanatory Statement provides a helpful overview of these changes. These changes will come into force automatically upon the Scheme coming into effect.

How can you ensure your views are considered?

12. Should you have any questions or concerns regarding the Transfer, the Scheme or the Part VII process, please contact our dedicated team using the details provided at the end of this letter.
13. 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.
14. 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

15. 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

16. Please do not hesitate to contact us to discuss any aspect of this letter 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: UK General Counsel

17. A full copy of the Scheme document, as well as the other enclosed information, is also available, free of charge, by contacting our dedicated team using the details set out above, or by visiting our website at [www.lhv.com/legal-and-regulatory/](http://www.lhv.com/legal-and-regulatory/).

**PRE-SANCTION TRANSFERRING SUPPLIER NOTIFICATION LETTER**

18. This letter is important. If, having spoken to 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,

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

Enc.