

Company AS LHV Group
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Title Outcome of Supervisory Review and Evaluation Process by the FSA and AS LHV Group's

In the middle of January, the Estonian FSA, Finantsinspektsioon, presented LHV Group with the outcome of Supervisory Review and Evaluation Process (SREP) capital adequacy calculation. In comparison with earlier there are some changes in composition of additional own funds and in required targets.

According to the decision of the FSA, an additional requirement for own funds in the amount 1.73% applies to LHV Group (compared to 1.53% in the 2018 SREP), of which at least 0.42% (0.39% in 2018) must be covered by Core Tier 1 own funds and at least 0.56% (0.52% in 2018) by Tier 1 capital. In addition, an added capital requirement of 0.2% on deposits taken in from foreign financial institutions remained in place.

In a council meeting on 19 February, the Supervisory Board of LHV Group based on the FSA decision and adding to it internal buffers decided to set total CAD target ratio at 16.00% (previously 15.50%), Tier 1 ratio at 12.46% (previously 12.10%) and Core Tier 1 ratio to 10.63% (previously 10.40%).

Underneath is the target split into components:

	Core Tier 1	Tier 1	Total CAD
Base requirement	4.50%	6.00%	8.00%
Pillar 2 capital requirement	0.42%	0.56%	1.73%
Non-resident financial intermediaries' deposits according to Financial plan	0.10%	0.10%	0.10%
Total SREP requirement	5.02%	6.66%	9.83%
Capital conservation buffer	2.50%	2.50%	2.50%
Systemic importance buffer (O-SII)	1.00%	1.00%	1.00%



Systemic risk buffer	1.00%	1.00%	1.00%
Discretionary counter-cyclical buffer	0.00%	0.00%	0.00%
Total combined buffer	4.50%	4.50%	4.50%
Total minimal regulatory requirement	9.52%	11.16%	14.33%
Additional internally decided buffers	1.11%	1.30%	1.67%
Group's internal capitalization targets	10.63%	12.46%	16.00%

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