

Company AS LHV Group
Type Company Release
Category Other corporate action
Disclosure time 23 Oct 2020 08:00:00 +0300

Currency

Title LHV Group will found a new bank in the United Kingdom

AS LHV Group decided to commence operations to establish a bank in the United Kingdom to clearly separate AS LHV Pank's current business activities in Estonia and in the United Kingdom. Until now, LHV has operated in the UK through a branch.

Separating the business activities allows for better compliance with regulatory and supervisory requirements. Moving forward AS LHV Pank will focus on serving Estonian customers and UK's bank shall provide banking services to the international payment intermediaries. A clear separation between two businesses will enable to better highlight the financial results and the value proposition of the new bank for investors. The bank will be established in the United Kingdom as a 100% subsidiary of AS LHV Group. The subsidiary will be established in the near future, followed by staffing, capitalisation and application for a credit institution license next year.

AS LHV Pank has been operating in the United Kingdom since the beginning of 2018, when the bank received a license to establish a UK branch. The new bank will be based on the existing branch and its founding will not bring any changes to the existing customers.

Today, AS LHV Pank has around 130 payment intermediary customers, that in turn service over 10 million end customers worldwide. Amongst others the customers include TransferWise, Coinbase, Trustly, Paysafe, Airwallex and TransferGo. The bank provides payment infrastructure to leading fintech companies, all of them characterised by advanced digital solutions, international reach and the pivotal role of payments in their services. A growing number of LHV's customers also come from the field of e-commerce and FX.

For payment intermediaries, AS LHV Pank predominantly offers settlement services such as accounts, payments, card payments, currency conversion and other similar services. As a direct member of both instant euro and pound payment settlement systems, AS LHV Pank is in a unique position to offer customers real-time payments in both major currencies in Europe. The services are offered to the



clients through a fast and functional Application Programming Interface LHV Connect. LHV's payment intermediary customers make more than 13 million payments a year and have an aggregate account balance of over EUR 500 million. AS LHV Pank earns approximately EUR 7 million in fee income per year from these services, and according to the newly updated financial plan, servicing the segment will generate approximately EUR 4.8 million in net profit this year.

LHV Group is the largest domestic financial group and capital provider in Estonia. LHV Group's key subsidiaries are LHV Pank and LHV Varahaldus. LHV employs over 490 people. LHV's banking services are used by more than 235,000 clients, and pension funds managed by LHV have more than 183,000 active clients. LHV's UK branch offers banking infrastructure to 130 international financial services companies, via which LHV's payment services reach clients around the world.

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