

Company	AS LHV Group
Type	Company Release
Category	Other price sensitive information
Disclosure time	19 Nov 2020 08:00:00 +0200
Currency	
Title	Planned changes in the Management of LHV Pank

AS LHV Group intends to appoint Erki Kilu as the Head of a subsidiary to be established in the United Kingdom, i.e. a new bank. In this regard, the Supervisory Board of AS LHV Pank plans to elect Kadri Kiisel as the new Chairman of the Management Board of AS LHV Pank. According to the plans, the changes in the Management of the company will take effect on 20 January 2021.

Pursuant to the stock exchange announcement of 23 October (<https://cns.omxgroup.com/cdsPublic/viewDisclosure.action?disclosureId=959585&messageId=1209029>), LHV is more clearly separating the business operations of LHV Pank in the United Kingdom and the business in Estonia, and is going to set up a new credit institution for providing services to its clients who are international payment intermediaries. The establishment of a subsidiary is currently in process, followed by manning, capitalisation and application for the activity licence of the credit institution.

According to Madis Toomsalu, CEO of LHV Group, the internal changes enable further rapid development of various strategic business lines. "In addition to Estonia, our long-term profitable growth target of LHV can be achieved through international markets as well. Our operations in the United Kingdom in providing services to international payment intermediaries are growing and profitable. A technologically demanding business line with no established competition and concentration on the fintech business models of the new era demands strong focus, but will also bring along the potential to increase business volumes. Separating this business line into an independent credit institution will create value for both the clients as well as the investors of LHV.

I am pleased that in the form of Erki Kilu, we have a leader with the necessary experience for creating and managing the new bank. The experience of Erki Kilu in applying for the banking licence, building up a modern and technologically capable organisation and previous management of a growing bank with strong results provides a good basis for succeeding in the United Kingdom as well. On the other hand, LHV Pank is also going to have the best possible CEO, considering Kadri Kiisel's experience in managing LHV's retail banking and LHV Finance which focuses separately on small-scale financing, former activities in



leading major projects and focusing on the best client satisfaction. Under the leadership of Kadri, the bank will continue its long-term profitable growth of client numbers and business volumes and providing the best service and constant innovation to clients," said Madis Toomsalu.

Erki Kilu has managed AS LHV Pank as Chairman of the Management Board since its foundation in 2008. He is the Chairman of the Supervisory Board of AS LHV Finance, Member of the Supervisory Board of AS LHV Varahaldus and AS LHV Kindlustus, and Member of the Management Board of the Estonian Banking Association. In 2001, he received a Master's degree in Business Administration from the University of Tartu Faculty of Economics and in 2018 a Master's degree in Engineering Science from the Institute of Computer Science. Erki Kilu holds 100,036 shares of AS LHV Group. He has the opportunity to acquire a total of 87,214 shares of AS LHV Group for the options issued in 2018, 2019 and 2020.

"In two years, we have extended the number of customer of the United Kingdom branch of LHV Pank to 130 payment intermediaries who, in turn, have over 10 million clients all over the world. These are cutting-edge and leading tech companies that expect from their banking partner the most advanced digital solutions, international operations and adequate risk management in offering payment services. We are uniquely positioned in the entire European banking industry, where we are able to simultaneously offer real-time euro and pound payments to international clients, being a direct member of these payment systems. I am glad that our United Kingdom branch already has a strong team and our branch is profitable.

Creating a new bank in the United Kingdom and separating international business from LHV Pank organisationally as well as technologically, and continuing its rapid further development sets sufficiently big challenges, but since they are also time-consuming, they require complete commitment to just these topics. Obtaining banking licence in the United Kingdom may take a couple of years considering the economic situation, movement restrictions and withdrawal of the United Kingdom from the European Union. Founding and structuring a new bank is unique as once again it can be done under LHV's name. The new bank will carry on LHV's culture and the synergy between the LHV banks operating in Estonia and the United Kingdom will most definitely be strong," Erki Kilu said.

Kadri Kiisel has been managing retail banking of AS LHV Pank since 2018 as a Member of the Management Board and has also been the CEO of AS LHV Finance. From 2011, Kiisel worked as the manager of the LHV Pank Tallinn branch and since 2017 she was the Head of branches of LHV Pank. Kadri Kiisel has a Master's degree in Financial Management from the University of Tartu. Kadri Kiisel does not hold managerial positions in other companies. She holds 2,094 shares of AS LHV Group and has the right to acquire a total of 39,826 shares of AS LHV Group based on options issued in 2018, 2019 and 2020.

"LHV Pank's growth has been fast and impressive and we have one of the three largest banks in everyday banking. Today, we have already more than 240,000 clients throughout Estonia who can use banking services conveniently without leaving their home. I want the bank to continue its fast growth; however, no



compromises can be made regarding quality. We are continuing to focus on providing the best banking experience to clients and will find ways to surprise them. LHV is a unique organisation and I have had the privilege of working with such a highly motivated team with a strong sense of mission. No challenge is ever too big with such a team," said Kadri Kiisel.

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 500 people. LHV's banking services are used by more than 240,000 clients, and pension funds managed by LHV have more than 184,000 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.

Priit Rum
LHV Communication Manager
Phone: +372 502 0786
Email: priit.rum@lhv.ee (mailto:priit.rum@lhv.ee)

